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A Bosnian Serb struggling to rush a comrade to help after he stepped on a mine.

U.S. Seeks to Broaden List of Serbian Targets Allies Prodded to Ensure Credibility Of NATO Ultimatum on Sarajevo Siege

By Douglas Jehl
New York Times Service

WASHINGTON — The United States is pressing its allies to allow the North Atlantic Treaty Organization to broaden its threatened air strikes against Serbian forces to include roads, bridges, supply depots and military command posts, senior American officials said Thursday.

The senior officials also warned that NATO's credibility would be at stake as it decided whether and how to implement the threat, which calls for military retaliation unless Serbian forces have loosened their siege of Sarajevo, the Bosnian capital. The 16 members meet Monday to decide.

As they expressed concern that Serbian commanders might fail to take the warning seriously, the American officials also appeared determined to avert any last-minute misgivings that could render the NATO threat hollow. Even if the North Atlantic Council, NATO's governing body, agrees to authorize air strikes, one senior official said, it remains unclear whether some allies will favor "a pinprick or something more massive."

"There is a very serious problem of Western credibility," the official said in past threats and inaction. Although Serbian leaders announced Thursday that they would withdraw from mountaintop positions, the official warned that Serbian commanders might not go along with such a plan. "They think they can thumb their noses at us," she said.

The senior official maintained that NATO's members would understand that there was no option but to make good, at least in some form, on their threat of air strikes against Bosnian Serbian forces if their review next week concluded that the Serbs had not eased their siege on the Bosnian capital.

"All of us know that the alliance is really on the line here," the official said, insisting, "I know we mean what we say."

Reginald Bartholomew, the U.S. special

envoy for the former Yugoslavia, explained to President Slobodan Milosevic of Serbia and the leader of the Bosnian Serbs, Radovan Karadzic, on Wednesday the serious of NATO's threat of air strikes.

American officials nevertheless emphasized that they had no intention of seeking to use such strikes to roll back any gains made

Bosnian Serbs offer to open two roads to Sarajevo and to quit strategic peaks. Page 4.

by the Serbian forces this week as the United States and its allies wait at least until Monday to decide upon a military response.

And they stressed in interviews that the air strikes being threatened by NATO would be intended only to preserve enough territory for the Bosnian Muslims to allow them to reach an acceptable peace settlement at negotiations being brokered in Geneva.

If Bosnia's president, Alija Izetbegovic, seeks to take advantage of the Western threat by toughening his terms at the bargaining table, a senior administration official warned, it is "much less likely that NATO would use air support to help him out."

"The cavalry is not coming to take his country back for him," the official said in a 75-minute meeting with a group of reporters that provided the most extensive description to date of the administration's latest plan to help bring an acceptable end to the fighting in Bosnia.

As Admiral Jeremy M. Boorda of the United States and Lieutenant General Jean Cot of France met in the Croatian capital of Zagreb to draft military plans, U.S. officials said the two had taken steps to ensure that any attack would be coordinated between NATO and United Nations commanders, a demand pressed by Britain and Canada.

But the officials made plain that the United States was urging in return that the battle plans not be limited to air strikes on Serbian gun positions but permit attacks on what may be more vulnerable targets.

New Japan Coalition Gets Off to Rocky Start Slower Action On Recovery Now Expected

By Steven Brull
International Herald Tribune

TOKYO — The political gridlock that delayed the installation of Japan's new government Thursday was the first concrete sign that official decision making will be slow and contentious, delaying action on economic recovery and forcing corporations to restructure on their own.

In the past, political clout has been the key to cutting through bureaucratic inertia to stimulate the economy. Liberal Democratic Party strongmen, in fact, pushed the Finance Ministry to approve \$200 billion in pump priming over the past two years, albeit with limited effect.

But now, as a coalition government confronts formidable internal differences and feisty opposition from the Liberal Democrats, who remain the largest and most politically savvy party, chances of swift and significant action to prime the economy or improve market access appear dim.

"We can't count on the next government to do anything," said Kazuo Nukazawa, managing director of Keidanren, Japan's powerful business lobby.

Corporations, though, which some economists say are keeping more than 1 million workers on the payroll despite little for them to do, have been counting on a recovery that has yet to come. Growth in the current fiscal year through next March could be as low as 1 percent, and recovery could be delayed until well into next year.

Companies, meanwhile, are being squeezed by the surge in the value of the Japanese yen and face a likely fourth consecutive year of declining profits. They may not be able to wait much longer before the current strategy of reduced intake of new employees and discreet dismissals of workers becomes untenable.

"Companies can't hold redundancies much longer," Mr. Nukazawa said. "Once one big company starts, the others will have no choice but to follow."

Unemployment was an official 2.5 percent in June. But private-sector economists say the real rate could easily be twice as high.

If the government fails to help stimulate a recovery, Japan's political problems will grow worse. There is little chance that Tokyo's towering trade surplus will subside; the main cause of the imbalance, which could exceed \$150 billion this year, has been sluggish imports due to lower personal consumption.

Continuation of the gaping imbalance would also maintain one of the key fundamental factors supporting the yen. A higher yen, however, will only encourage Japanese companies to step up exports and expand overseas production, especially in Asia.

"This couldn't have come at a worse time,"

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See INERTIA, Page 15

Defeated Party Blocks It From Taking Power

By James Sterngold
New York Times Service

TOKYO — The Liberal Democratic Party may have lost its 38-year-old grip on power, but it proved Thursday that it is still a formidable force by using its first day in the opposition to prevent the election of a new prime minister and to deflate the hopes for a coalition government.

What was supposed to have been a day of triumph for Morihiro Hosokawa, the head of the seven-party coalition that was set to take power, became instead a humiliating series of delays and disputes that left him looking wounded just as he was expected to be elected prime minister. It was a startling reversal that caught most in Tokyo by surprise and appeared to have taken a toll on the credibility of the group of parties seeking to replace the Liberal Democrats.

About the only thing that was clear after the parties agreed to give up Thursday evening before resuming Friday was the Liberal Democrats' strategy: They are unrelentingly pugacious in an effort to break the back of the loose coalition of conservatives and socialists and make it look inept.

Political experts had to look back to 1947 to find a previous occasion when a new prime minister and cabinet had not been chosen on the first day that the parliament had been convened following an election.

"I think a lot of people looked at this as a sign of difficulties ahead," said Takashi Inoguchi, a political expert at Tokyo University. "The coalition was hurt."

Mr. Hosokawa looked confident and relaxed Thursday morning when, as expected, Prime Minister Kiichi Miyazawa's cabinet resigned. But suddenly when the Liberal Democrats refused to concede on their demand that, because they are the largest single party in the parliament, a Liberal Democrat should be made speaker of the house.

In addition, the Liberal Democrats demanded that the special session of the parliament be extended to three weeks and that Mr. Hosokawa clearly lay out his policies in a speech and then respond to questions.

The coalition, however, had decided to make Takako Doi, a leading member of the Social Democratic Party, the first woman speaker of the house, a largely ceremonial but highly visible post. It had also said it wanted just a brief parliamentary session to name a cabinet before resuming the normal schedule in the fall.

The inauspicious Thursday followed a critical crisis shy of a majority and put several parties made up of Liberal Democrat defectors at the core of the coalition, which has promised to reform the corruption-ridden electoral and election financing systems.

Legally, the coalition could have simply used its slim majority of about 260 seats in the 511-seat parliament to open the session and elect its choices. But as a matter of practice the Liberal Democrats would probably have chosen to walk out. That would have embarrassed the coalition and perhaps would have caused some members to bolt, for fear of appearing to rely on strongarm tactics.

As a result, the stalemate caused the parties to begin a series of postponements of the special session.

See JAPAN, Page 4

Clinton's Battle of the Budget: A Genteel Showdown

By R. W. Apple Jr.
New York Times Service

WASHINGTON — Staring defeat in the face, Richard III melodramatically offered to trade his kingdom for a horse.

In an equally tight spot this week, President Bill Clinton has talked himself to the brink of laryngitis, but his wheedling and dealing on the budget has been strikingly subdued.

Without the vote of Senator Dennis DeConcini of Arizona, a conservative Democrat who finally agreed late Wednesday to support him,

Mr. Clinton seemed likely to be beaten when his budget proposals came before the Senate on Friday.

Some incentives had been offered to Mr. DeConcini, including a less onerous tax on

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high-income recipients of Social Security, designed to appeal to the many wealthy retirees in Phoenix and Tucson, and an executive order pledging new tax revenues to deficit reduction, not new spending.

But when Senator DeConcini went to the White House on Wednesday morning to watch the signing of the order, did the president bear down in hopes he could seal the deal and parade the senator before the television cameras?

He did not. Asked whether he remained undecided, Mr. DeConcini said that, indeed, he did.

What, someone wanted to know, was Mr. Clinton going to do to move him? The president seemed nonplussed and finally answered, "Good government."

Aides said later that he had not been sure what the Arizona senator to do until just before Mr. DeConcini spoke out.

It was a strangely disjointed episode in the thoroughly perplexing story of Mr. Clinton's quest for a program he and many others have long thought he needed to survive.

Many in Washington, including some undecided lawmakers, have been deeply puzzled by the president's seeming reluctance to get tough with the Democrats who made the passage of

See CLINTON, Page 2

U.S. Seeks to Mediate Ex-Soviet Conflicts

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Clinton administration has decided to introduce diplomatically in regional and ethnic disputes involving some of the 15 newly independent states of the former Soviet Union, according to senior officials.

The U.S. plan is to help broker an end to the disputes before they destabilize the Russian regime of President Boris N. Yeltsin, foment wider ethnic or religious conflict in Turkey and southern Asia, or provide a pretext for aggressive military intervention by Russia outside its borders, the officials said.

The initiative comes as armed conflicts are raging in three former Soviet republics — Georgia, Tajikistan and Azerbaijan — while ethnic or separatist tensions are simmering in the

Baltics, Moldova and Russia itself. Dissidents in North Ossetia, in Russia's Caucasus mountains, last weekend assassinated the senior Russian official there.

In some of these conflicts, Russian military forces deployed nearby have taken sides or

U.S. favors expansion of UN peacekeeping role, but with some misgivings. Page 4.

been "stirring up trouble," a senior U.S. official said. He added that the U.S. intelligence community believes the troops' aim is either to prolong their deployment, protect some of the 25 million ethnic Russians who live outside of Russia or help Moscow reassert control over territory it once held.

The administration is uncertain whether the

actions are directed by anti-reformist military officers on the general staff in Moscow or simply reflect the uncoordinated actions of renegade commanders. But few U.S. experts expect that Mr. Yeltsin will be able on his own to put a stop to the meddling of Russia's military.

Russian Foreign Ministry officials have signaled their alarm in recent months by quietly seeking support from the United States and United Nations for future deployments of international peacekeeping forces in countries on Russia's periphery that are beset by crises. U.S. officials have responded warily because of their estimate that no nation, other than Russia, would contribute troops to such a deployment.

As part of the new U.S. strategy to quiet

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Tsutomu Hata, right, a leader of the coalition, conferring Thursday with a colleague.

Kiosk

4 Rockets Hit South Lebanon

MARJAYOUN, Lebanon (Reuters) — Guerrillas fired four rockets into Israel's "security zone" in southern Lebanon on Thursday for the first time since Israel called off its attacks in the south last week, security sources said.

A cease-fire agreement included "understandings" that guerrillas of the pro-Iranian Hezbollah would not fire Katyusha rockets at northern Israel but it did not cover guerrilla attacks on the so-called security zone.

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General News

On the U.S. budget, new members of the House get heat from both sides. Page 3.

Business/Finance

Gold prices plunged after heavy Chinese selling unnerved the market. Page 11.

Book Review

Page 8.

Dow Jones	Down 3.09	9,548.57
Trib Index	Down 0.23%	105.83

The Dollar	Trans. close	prev. close
New York	1.7117	1.7088
London	1.4892	1.508
Yen	104.20	104.825
FF	5.9258	5.9123

Forget Tobacco — Try Some Eggplant

The Associated Press

BOSTON — Here's some food for thought: Some vegetables apparently contain small amounts of nicotine, the addictive substance in tobacco.

The word comes in a letter in The New England Journal of Medicine from Dr. Edward Domino and his colleagues at the University of Michigan.

The researchers noted that the presence of nicotine and related substances in the body fluids of nonsmokers is usually interpreted to mean that people have been exposed to second-hand smoke.

But the researchers said there was also "considerable evidence" that nicotine was present in certain foods, especially plants from the family that includes potatoes, tomatoes and eggplants.

Three previous studies indicated the presence of nicotine, the researchers said, and their research confirmed it.

One study found that as little as one-third of an ounce (10 grams) of eggplant would provide the same nicotine as spending three hours in a room with minimal tobacco smoke, the researchers noted.

Five ounces of potato, eight and a half ounces of ripe tomato or nine and a quarter ounces of cauliflower provide a like amount of nicotine, they said.

Why Swim the Channel Now? Because It's Still There

By William E. Schmidt
New York Times Service

DOVER, England — Beneath the White Cliffs, along a rocky beach where the first hazards are children skipping stones the size of baseballs, Sandra Jenkins stands ankle deep in the surf, windmilling her sunbaked arms and taking great chuffs of breath as she stares down the French shore, 21.5 miles across the English Channel.

Ms. Jenkins, a muscular 29-year-old health club employee from Wales, is in training. Today, she will swim some 10 miles (16 kilometers), back and forth across the harbor where the huge channel ferries come and go. But next week, if the weather and tides cooperate, she will plunge into the water just below Shakespeare Cliff and like some 4,300 men and women before her set out for Calais, about 12 hours and 50,000 arm strokes away.

"I'm mad, I know it, I'm mad," said Ms. Jenkins, who has tried once before. Last summer, about six and a half hours into

the swim, she was forced to surrender, her mouth painfully swollen by jellyfish stings.

By the time the three-month channel season draws to a close, usually the first weekend in October, about 50 swimmers from 18 countries — one of the largest fields in recent memory — will have traveled to Dover like Ms. Jenkins and had a go at making a solo crossing of the channel. More than 100 others will also plunge in as swimmers in six-member relay teams, dividing the crossing among them in hourlong legs.

The relay teams are usually successful. But of those who try to go it alone most will abandon the swim barely halfway across, dragged limp and reeling from the water; only 426 of the 4,318 who have attempted solo crossings have made it. Three have died trying.

One hundred and eighteen years after a British ship captain named Matthew Webb first swam from England to France, battling tides and currents on a zigzag route that took nearly 22 hours to complete, the channel remains one of the world's most daunting tests of physical endurance.

But these days, channel swimmers — once ritually celebrated in grainy newsreels and newspapers as daredevil athletes of first rank — churn away in virtual obscurity, without audience or press clippings.

"You don't even get a T-shirt," complained Ed Acevedo, a 33-year-old college professor and marathon runner from Kansas who was forced to abandon his first attempt last month, five hours into his swim.

Ray Scott, an officer of the 67-year-old Channel Swimming Association, which monitors and sanctions each attempt, acknowledges that much of the public fascination with the event has faded.

For one thing, the channel itself is not what it used to be. Once regarded as the impassable strategic barrier that separated England from the Continent, the channel these days more often conjures up images of seaborne pollution and congestion than its oily horizon crowded with the passing silhouettes of scores

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Benelux Moving To Money Union With Germany

BRUSSELS — Belgium and Luxembourg are seeking to join the effective currency union between Germany and the Netherlands that grew out of the changes in the European Monetary System this week, a source in Luxembourg said Thursday.

"Belgium and Luxembourg have the common desire to look for a solution similar to Holland," said the source, who asked not to be identified.

After speculators pushed the French franc below its minimum value in the exchange-rate mechanism of the EMS last week, European Community finance officials widened the fluctuation bands for seven of the nine currencies in the grid to 15 percent. But Germany and the Netherlands agreed to keep the mark and the guilder within 2.25 percent of each other, the narrow band prevalent in the precrisis grid.

Details of the deal have not been disclosed, but it is widely assumed that there would be complete mutual support between Germany and the Netherlands for their currencies, including intervention in the markets to defend the 2.25 percent band. Intervention failed to keep the grid together last week, however, and the Bank of France spent nearly all of its foreign-currency reserves to prop up its franc. (Page 11)

The mark and the guilder were the only EMS currencies that emerged unscathed from nearly a year of turmoil in the ERM. All of the others were at least pressured by speculators if not forced to be devalued or flee the grid.

Since Monday, Belgium has managed to force its bruised currency back into the 2.25 percent band against the mark. Belgium and Luxembourg already have an effective currency union. Their inclusion in the German-Dutch arrangement would be in line with persistent speculation that the European Community would be forced to move toward its goal of economic and monetary union in two phases, with a core group of countries establishing a monetary union that others would join later.

It has been assumed that this core group

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UN Report Assails U.S. Raid on Somali's Compound

By Keith B. Richburg
Washington Post Service

NAIROBI — A report by the United Nations legal office in Somalia sharply criticized a U.S.-led assault on a Somali leader's compound, saying the world body had a "moral" and "legal" obligation to offer people a chance to surrender before such attacks.

The internal report focused on a UN attack July 12 by U.S. helicopter gunships that fired anti-tank missiles and cannons into a meeting of advisers to a fugitive militia leader, General Mohammed Farrah Aidid, in Mogadishu, the Somali capital. Several of his commanders were killed in the raid, which UN officials said was timed to wipe out a "key terrorist cell" plotting ambush attacks against UN forces, including Americans, in Somalia.

The UN envoy in the Somalia, Jonathan Howe, said the attack was "well-planned" for the time the meeting was taking place.

But the report, prepared by the UN's Justice Division in Somalia, raised what it called "important legal and human rights issues" about the attack. It asked whether the United Nations should target individuals and whether it "should hold itself to a higher standard of conduct" in what originally was a humanitarian mission to protect food supplies in Somalia.

"We believe as a matter of policy, short prior notice of a destruction of a building with humans inside must be given," the report stated. "From the legal, moral and human rights perspective, we counsel against conducting military operations that give no notice of attack to occupants of buildings."

The unsigned report was said to have been written

by Ann Wright, who until a few days ago was the principal UN justice official in Somalia, responsible for helping rebuild the shattered police force and judicial system. She left at the end of her contract to return to the United States.

The report was obtained from UN employees who said they had grown disillusioned with the course of the military campaign against General Aidid and his militia.

There is strong feeling among workers in the humanitarian section that the military has subordinated all efforts in its hunt for the general. Mr. Howe ordered him arrested for his suspected role in the killings of UN troops.

Since the helicopter assault, the United Nations has largely halted its offensive against General Aidid,

although officials insist they are still tracking his movements.

The lull in military actions in Mogadishu is partly attributed to sensitivity within the United Nations to quell escalating violence, and from within the United Nations, where many charged that the assault was an unnecessary provocation and turned the UN force into another belligerent faction in Somalia's civil war.

The report said the operation was "applying military methods traditionally found in declared war/ combat areas without a UN declaration of war/ combat."

It said the assault created "unnecessary hostility" that "dramatically" increased the danger to relief workers and foreign journalists in the capital.

WORLD BRIEFS

France's Immigration Bill Approved

PARIS (Reuters) — France's Constitutional Court on Thursday approved most of a bill to give the police wider powers to conduct identity checks.

The bill, one of a series of measures planned by Prime Minister Edouard Balladur's 4-month-old conservative government to crack down on crime and illegal immigration, was passed by both legislative houses in June.

But the court said application of the law should respect the principle that while increased police controls might be necessary to ensure public order, they should not be conducted in a general, random way. The court rejected a part of the bill that would have allowed the police to carry out random checks in frontier zones extending beyond 20 kilometers from a border.

Thais Confirm Aiding Khmer Rouge

BANGKOK (AP) — Thailand's army chief admitted Thursday that his soldiers gave medical aid to Khmer Rouge guerrillas who had attacked and detained United Nations peacekeepers, a radio station reported.

General Wimol Wongwanich said medical treatment was given for humanitarian reasons, according to a radio report. It was not clear how the guerrillas were injured. No UN personnel were hurt.

The UN mission said the guerrillas detained 21 peacekeepers in Thai territory Sunday in the presence of Thai soldiers who did not intervene. The peacekeepers had crossed into Thailand to escape a Khmer Rouge mortar attack on their base, a checkpoint along the Cambodian border.

Filipinos Reject Japanese Apology

MANILA (Reuters) — Filipino women who were forced into Japanese military brothels during World War II have brushed aside Tokyo's admission of 50 years later, saying Thursday that an apology was not enough.

A group of elderly women demonstrated outside the Japanese Embassy in the Philippine capital, demanding compensation for the wartime crimes, a day after Tokyo formally apologized to "tens of thousands" of victims. Historians estimate the number of victims, known euphemistically as "comfort women," at about 200,000, most of them Koreans but also including Filipinos, Chinese, Taiwanese and Indonesians.

Gunman Kills 1, Wounds 3 in Kansas

TOPEKA, Kansas (AP) — A man awaiting sentencing on drugs and weapons charges entered a federal building here Thursday and began shooting, killing a security officer and wounding at least three people, officials said.

Hours after the shooting, the gunman, armed with rifles and bombs, was holed up and as many as 10 workers in a nearby office were still unable to leave the building. Those still in the building included at least one who was wounded.

About the time the shooting broke out, a car was bombed or set afire in an outdoor visitors' parking lot on the south side of the building. Three large explosions could be heard as the car burned. And 20 miles to the northeast, the Jefferson County courthouse in Olathe was evacuated when a car there exploded. No one was injured. It was unclear whether the two incidents were related.

For the Record

Albania plans to try 32 people for having taken part in an anti-government protest in the capital last week, the Tirana radio reported. It said they had been seized during a gathering of 20,000 to protest the arrest of Fatos Nano, the former Communist prime minister, on charges of abuse of power and fraud.

TRAVEL UPDATE

Two U.S. airlines cut fares up to 35 percent for U.S. travel through Dec. 15. Delta Air Lines Inc., the third-largest U.S. airline, initiated the sale, and it was matched by Continental Air Lines Inc. (Reuters)

United Airlines and United Express will assist disabled passengers on boarding all flights, airline officials said. The decision followed a week-end incident in which Rick Douglas, executive director of the President's Committee on Employment of People With Disabilities, had to drag himself up the steps to board a small commuter plane after airline personnel refused to help him. (AP)

Passenger rail traffic in France slumped in the first half of this year, and railroad officials admitted that a new computerized booking system was partly to blame. The new system is so detested that it has led ticket sellers to strike. (Reuters)

Two Dutch tourists were forced at gunpoint to hand over their car and belongings to highway robbers in the Rhône Valley south of Lyon. The thieves rammed their car into the rear of the tourists' vehicle, forcing them to stop, the police said Thursday. They said it was the ninth robbery of its kind in just over a month. (AFP)

Germany said it would repatriate 3,000 of its citizens from Portugal's Algarve coast, where they were stranded when a tour company, MP Travel Line, opened bankruptcy proceedings in Frankfurt last week. The Lisbon daily Público said the firm owed about 5 million Deutsche marks (\$2.94 million) to Portuguese hotels and air carriers. (Reuters)

Blasts Said To Kill 70 in China City

By Nicholas D. Kristof
New York Times Service

BEIJING — A series of huge explosions shook the southern Chinese city of Shenzhen on Thursday, possibly killing as many as 70 people and shattering windows for miles around.

The explosions occurred just across the border in China from Hong Kong, in the Shenzhen "special economic zone." Shenzhen is the centerpiece of China's economic liberalization program.

The blasts are likely to raise new questions about industrial safety in China, particularly as a nuclear plant is to go on line soon in Daya Bay, not far from Shenzhen.

The first explosion was triggered by a leak of nitric acid from an army warehouse for hazardous materials. The fire from the blast then ignited a gas plant nearby, and then 8 of the 10 warehouses in the area exploded in succession, Xinhua news agency reported.

The agency did not give a precise death toll, saying only that more than 100 had been killed or injured. Another news service, the Hong Kong China News Agency, said that one hospital had admitted 200 injured and that the number of dead could reach 70.

Many of the dead were fire fighters, police officers and medical workers who had rushed to the scene after the first explosion.

The Associated Press reported from Hong Kong that Shenzhen authorities had requested help from the Hong Kong government.

The first blast took place, according to official reports, at a warehouse operated by the Annam Dangerous Goods Shipping and Storage Company, apparently an army-owned enterprise.

23 Convicts in Siberia Tunnel Out of a Prison

MOSCOW — Twenty-three convicts have escaped from a Siberian prison camp through a 25-meter underground tunnel they dug themselves, Russian television reported Thursday.

The police managed to recapture only five of the men after the Wednesday breakout near the town of Leninsk-Kuznetsky, the report said.



Nelson Mandela speaking in Kaitleng, South Africa, on Thursday. When blacks die, he said, whites act "as if flies had died."

Mandela Lashes Out On White Policing

Compiled by Our Staff From Dispatches

KAITLHONG, South Africa — Troops were called into townships east of Johannesburg on Thursday to quell escalating violence, and Nelson Mandela later bitterly attacked the white-led security forces.

Mr. Mandela, the president of the African National Congress, was to confer with President Frederik W. de Klerk about the latest violence, in which at least 128 people have been killed during the past six days.

Army headquarters in Pretoria said the government had ordered mechanized infantry units and armored vehicles to move into the townships.

Mr. Mandela addressed thousands of supporters at an ANC rally in Kaitleng, one of the main flash points of violence, promising to press Mr. de Klerk to throw a security cordon around migrant hostels.

Much of the violence has been between ANC supporters and hostel dwellers loyal to the rival Inkatha Freedom Party.

Mr. Mandela acknowledged that black leaders shared responsibility for the township carnage, but he said white police — "arrogant, racist and suspicious of the communities they serve" — were at the heart of the township warfare.

When he suggested that more black police should be deployed in the townships, many in the crowd of about 8,000 jeered and shouted, "We want guns!"

He said that although security forces reacted strongly when a handful of whites were killed, the average white in the army, police and National Party was indifferent to the death of 15,000 blacks in almost 10 years of factional fighting.

"To this government, to the police force, to the defense force, lives of black people are cheap," Mr. Mandela said. "When 10 blacks die in this country, whites don't care. It is as if flies had died."

Mr. Mandela demanded that riot squads known as internal-stability units be withdrawn from the townships. (AFP, Reuters)

What It Costs to Run a U.S. Hospital

By Eric Eckholm
New York Times Service

NEW YORK — Adding fuel to the debate on health care, a study has found that administrative costs account for one of every four dollars spent on hospital care, the highest proportion yet measured.

The authors of the study, published in Thursday's issue of The New England Journal of Medicine, say bureaucratic costs in American hospitals are more than double those in Canada, where the government pays for most health care directly, using tax money. The researchers also say the United States could save \$50 billion a year in hospital costs alone, and a similar amount in insurance overhead and paperwork, by adopting a Canadian-style system.

But other experts, while agreeing on the need for a drastic overhaul of administrative costs, say a government-run system is not the best way to make medicine more efficient.

Among the factors increasing paperwork in hospitals are the need to deal with a multitude of insurers with different billing, payment and oversight policies, efforts to collect unpaid fees and to cover the costs of the uninsured and meeting complex state and federal regulations.

Two authors of the new study, Steffie Woolhandler and David U. Himmelstein, both doctors at the Harvard Medical School, are leading advocates of a Canadian-style "single-payer" system and longtime critics of administrative waste in American health care. While they have reported similar findings in the past, their new study is more comprehensive. It is based on federal reports filed by nearly all hospitals in the United States for the fiscal year 1990, and it found an even higher level of administrative expense than before.

On an average day in 1968, the study says,

American hospitals employed 435,100 managers and clerks while caring for 1,378,000 patients. By 1990, the average daily number of patients had fallen to 853,000, but the number of administrative personnel had grown to 1,221,600.

The study found that administrative costs ranged from 20.5 percent of total hospital spending in Minnesota to 30.6 percent in Hawaii, with New York, at 25.1 percent, near the national average.

On average, bureaucratic expenses were no lower in states where large numbers of patients are enrolled in health maintenance organizations, or prepaid health plans, and where hospitals have had to compete fiercely to receive patients from such plans. This, the authors say, suggests that the strategy President Bill Clinton is expected to propose, which would encourage competition among large health plans, will fail to reduce administrative expenses.

CLINTON: When Getting Tough Is Too Hard to Do

Continued from Page 1

this centerpiece of his administration such an arduous undertaking. Several House members said the president had never told them, crisply and unambiguously, that he had to have their votes. The issue came before them late Thursday.

Mr. Clinton is not playing hardball, politicians and lobbyists say, partly because of an ingrained reluctance to crack down, partly because the realities on Capitol Hill have changed and partly because he has so many tough fights ahead that he does not want to expend all his ammunition at once.

"I have been criticized in some quarters for not talking tough enough," Mr. Clinton acknowledged Wednesday in a speech to the Urban League. "My theory is that if you do the tough things, actions speak louder than words."

George Stephanopoulos, one of President Clinton's senior aides, said his boss was getting a bum rap. "There is a difference in your approach 14 days out, 7 days out and 2 days out," Mr. Stephanopoulos said.

"You don't want to start shouting too early. But I can promise you

this: In this final 48 hours, nobody will leave the Oval Office or get off the phone with the president without feeling that they have been asked for their vote."

But among some who have worked on congressional relations in other administrations, many of them now lobbyists, there is considerable disdain for Mr. Clinton's performance, even though he seems likely to prevail.

Several weeks ago, a senior member of the White House staff was told by an old-timer, "Sooner or later, the president's going to have to tell one of these senators that, like it or not, he's going to support the administration, he's going to get nothing for it, and if he doesn't, he'll pay for it, period."

"The Clinton staffer answered, 'But these guys don't know that game.'"

Tom C. Korologos, a White House mainstay under Presidents Richard Nixon and Gerald Ford, was somewhat more generous in his appraisal. One reason that Mr. Clinton has not lowered the boom on wayward Democrats, he said, "is that the boom is broken."

It is true many of the techniques

used by presidents are no longer available. Some were always dicey. In 1970, President Nixon successfully encouraged Republican voters in New York to back James L. Buckley, a Conservative, over Senator Charles Goodell, a Republican foe of the Vietnam War.

But Franklin D. Roosevelt, one of the most popular presidents, failed in his attempt to purge five Democratic senators and one representative. All but one were re-nominated easily.

"Nowadays, the most successful Senate candidates are elected by going against the grain, picturing themselves as standing up for their state or region against the evil knights of Washington," said one of Mr. Clinton's strategists.

Foster Autopsy Finds Nothing to Gainsay Suicide

The Associated Press WASHINGTON — An autopsy showed nothing unusual in the body of Deputy White House Counsel Vincent Foster Jr., when he apparently committed suicide last month.

Mr. Foster could have been dead for as long as two hours before his body was found on the evening of July 20 in a park outside Washington, a U.S. Park Police officer, Gregory Brown, said Thursday. Rigor mortis had not set in, he added.

The police have said the investigation turned up nothing to indicate anything other than suicide. Powder burns were on his hands, but the bullet fired into his head has not been recovered.

The Flood, and the Illinois Village That Staved It Off

PRairie DU ROCHER, Illinois — The Mississippi River's two-month campaign of destruction began to subside Thursday with residents of this village claiming one of the few triumphs in the Great Flood of '93.

"It looks like we may have beat it," said Juanita Bleem of the Randolph County Emergency Management Department. "It's not over but the critical stage has passed."

Flooding in the Midwest this summer has taken 45 lives and caused at least \$10 billion in damage in what is now called one of the worst natural disasters in U.S. history. On Wednesday the Senate approved \$5.8 billion in flood aid.

Although the Mississippi dropped to 47.5 feet Thursday, almost 2 feet lower than the record 49.4 feet set Sunday, the National Weather Service said the most optimistic forecast had the river falling below flood stage, measured at 30 feet, on Sept. 1.

The most pessimistic forecast calls for the river at St. Louis to drop below flood stage in mid-October, further delaying cleanup.

"Those forecasts are based on no additional precipitation," said Jack Burns, a hydrologist for the Weather Service.

Weather forecasts called for a chance of scattered showers in Missouri on Thursday and Friday, with sometimes heavy downpours. Victory has been scarce along the Mississippi and its tributaries this summer. But in the town of Prairie du Rocher, 30 miles south of St. Louis, founded in 1722, residents,



A flood control worker grappling with a coffin, one of many that had floated out of a submerged cemetery near Hardin, Missouri.

National Guardsmen and thousands of other tenacious volunteers pulled off the most daring operation along the river.

In order to keep back floodwaters, the U.S. Army Corps of Engineers and the county levee district invited the swollen river into prime cropland by carving a 400-foot opening in the Fort Charney levee north of the town Tuesday.

The gash flooded thousands of

acres of farmland and destroyed as many as 100 farmhouses, but floodwaters were diverted from the town itself. However, the waters kept coming and the break created a reservoir that was rising faster than the river.

To ease the water level inside the levee, local officials, against the advice of the Corps of Engineers, used dynamite Wednesday to widen the break to 1,200 feet.

"We thought it was the craziest

idea we had ever heard," said George Postol of the engineers. "We thought the whole levee would liquefy and disintegrate. But it worked."

Downriver in Missouri, the town of Sainte Genevieve braced for a crest of 48.5 feet expected to hit its sandbag levees Thursday. The levees in the town stand 51 feet.

"We've switched from building to reinforcing the levees," said Jean Rissover, a town official.

In St. Louis, divers began pumping water into 3 of 51 propellant tanks of the Phillips Petroleum Co. More than 9,000 area residents were evacuated early this week because of the danger of explosion.

After the tanks are filled, which will force the propane to the top of the containers, workers will begin to bleed off the propane. The process will take several days, keeping residents away from their homes.

William Niederland, Student of 'Survivor Syndrome,' Dies

New York Times Service

Dr. William G. Niederland, 88, a psychoanalyst whose observations of former death-camp inmates led him to formulate the "survivor syndrome" as a distinct condition, died Friday in Englewood, New Jersey, of heart failure.

He first described the "survivor syndrome" in 1961 and returned to the concept in papers, lectures and interviews. It was derived from his

contact with 2,000 patients who survived the camps as well as natural disasters and automobile accidents. The symptoms, he found, included insomnia, nightmares, personality changes, chronic depressive states, disturbances of memory, anxiety and psychosomatic ailments.

"The ego," he observed, "is not so massively shattered in a flood survivor as in the survivor of one

year in Auschwitz, but the symptoms are the same."

Hans Lowey, 86, Inventor Of Time-Release Pills

New York Times Service Hans Lowey, 86, who transformed oral medication by inventing pills that prolong a drug's release over many hours, died Wednesday in Fort Chester, New York, of a cerebral hemorrhage.

Mr. Lowey was a self-taught "kitchen chemist" who experimented with formulas on the stove at home and turned them into marketable products. His concept of time-release or sustained-action pills is now widely applied in medications for many illnesses.

He developed the process in the early 1950s to prevent the nausea that soldiers in the Korean War often suffered when taking large-

dose salt tablets to help retain water. By coating the salt with cellulose, he extended digestion of the tablets to as long as 12 hours, and the gradual absorption prevented the side effects.

Tay Eog Soon, 53, Singapore's senior minister of state for education, died of heart failure Thursday. He had been admitted to a hospital Monday with fever and swelling of his right leg.

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STATESIDE / GROWING UP IN CONGRESS

On Budget, House Freshmen Feel Heat From Both Sides

By Kevin Merida
Washington Post Service

WASHINGTON — Representative Karen Shepherd, Democrat of Utah, voted for President Bill Clinton's economic plan once and had planned to vote for it again. But her conservative district, which she won with just 52 percent of the vote, has been bombarded with anti-Clinton, anti-tax radio ads from the Republican National Committee and the Christian Coalition. And the ads have been having an impact on her constituents.

"There have been so many distortions and outright lies about this budget package," said Representative Shepherd. "My problem is I have to somehow rise above that regardless of the political consequences."

The Democratic National Committee is airing counter ads in the districts of 11 freshmen who are under fire for supporting the budget plan, including Ms. Shepherd. The Democratic national chairman, David Wilhelm, appeared on a Salt Lake City radio call-in show to deflect some of the criticism she is receiving. Mr. Wilhelm said the message in the effort was, if you stand by the president, the party will back you up.

When the House first voted on the Clinton economic plan May 27, 11 of the 38 Democrats who opposed it were newcomers. With another close vote expected on the budget package, freshmen Democrats again faced a crucial test of party loyalty.

"This is the Super Bowl of pressure," said Marjorie Margolis-Mezvinsky, Democrat of Pennsylvania, who voted against the president's plan and said she would not back the version negotiated by a House-Senate conference.

Like Ms. Margolis-Mezvinsky, other freshmen who leaned against the plan said that the compromise package contained a burdensome gasoline tax and not enough spending cuts, and that sentiment in their districts was overwhelmingly against it. Among this group were Sam Coppersmith, Democrat of Arizona; Pat Danner, Democrat of Missouri; David S. Mann, Democrat of Ohio, and Scotty Baesler, Democrat of Kentucky — all of whom voted no the last time.

Although the vast majority of the 66 Democratic freshmen were expected to vote for the plan, many were torn between their desire to support the president and the political realities of their districts.

Democratic leaders were able to turn around some freshmen, but others who had voted for the plan had second thoughts. James A. Barcia, Democrat of Michigan, for instance, is "giving us some problems," said one Democratic source. Mr. Barcia's office confirmed that he was undecided.

Some freshmen found it difficult to reconcile what they had told voters during their campaigns with the necessary give-and-take of governing. Peter Barca, Democrat of Wisconsin, had just won a special election and had not been sworn in when the House

approved Mr. Clinton's plan in May — a plan he told voters he would not have supported. Mr. Barca was meeting with colleagues, talking with constituents and trying to decide what to do.

For others, a "no" vote will not be difficult to cast. Mr. Baesler said that Mr. Clinton's speech Tuesday resulted in 52 calls to his office Wednesday morning — 38 urging him to vote against the president's plan.

Mr. Mann said his constituents thought the package is "laughable" because many of the spending cuts do not kick in until 1996. "They don't trust Washington," he said. "They don't trust Congress to implement the spending cuts later."

"And based on the performances of past Congresses, their skepticism is well-founded. If I go along, I'm part of the problem."

The White House has tried to show that there are rewards in the form of public stroking for those who change their minds. The president met Wednesday with Carolyn B. Maloney of New York and Paul McHale of Pennsylvania, both freshmen Democrats, and then touted the importance of their support at a news conference at the Capitol.

Representative Maloney, who had been concerned about the energy tax and the impact of the package on senior citizens in her New York City district, said, "It's time for us to rally behind our president."

who came to Washington with high hopes for reform, have been disappointed by the budget process. Mr. Fingerhut, co-chairman of a Democratic freshman reform task force, said the guiding principle throughout the budget negotiations seemed to be "what is the version that can buy off one or more sets of votes needed for passage." Mr. Fingerhut, who voted "yes" the first time, said he was undecided.

And there are other freshmen frustrations. When the Clinton plan was first voted on in the House, the freshmen were leaned on heavily by their leaders and the White House.

"They thought we were easier to push around," said one Democratic freshman who voted against the Clinton plan.

But party leaders say they recognize that some freshmen face special circumstances. Virtually all the Democratic freshmen who voted against the president's package either won their races by relatively narrow margins or ran in districts that Mr. Clinton did not carry. And many who have stuck their necks out for the president, like Representative Shepherd, have done so at risk to their careers.

"It seems to me it's not perfect," Ms. Shepherd said of the budget compromise. "But the worst of all of the alternatives is not to pass it, and not move forward to health care, free trade and all of these other things we need to do."

POLITICAL VOICES

It's Not the Song That Matters, It's the Voice

WASHINGTON — Last week, Senator Carol Moseley-Braun stood on the Senate floor and urged Senator Jesse Helms and embraced the old boys' club by denouncing an amendment to change the United Daughters of the Confederacy's patent on the Confederate battle flag.

It made the Illinois Democrat a hero to millions of Americans. Wednesday night, at the National Urban League 1993 dinner, she casually mentioned another, more private victory. She was on a Senate elevator Tuesday with Senators Orrin G. Hatch and G. Kent Conrad when the doors opened — and in stepped Senator Helms, the North Carolina Republican.

"He saw me standing there, and he started to sing, 'I wish I was in the land of cotton,'" she told the audience. "And he looked at Senator Hatch and said, 'I'm going to make her cry. I'm going to sing 'Dixie' until she cries.'"

"And I looked at him and said, 'Senator Helms, your singing would make me cry if you sang 'Rock of Ages.'"

She looked at the crowd and allowed herself a small smile as the Washington Convention Center erupted in whoops and cheers.

Score another one for the new kid in town. (WP)

Clinton's Ratings Still Low, but There's Time

WASHINGTON — President Bill Clinton's approval rating remains weak, at 39 percent, largely because many people believe that he breaks his promises and cannot get things done, according to a poll by the Times Mirror Center for People and the Planet.

Nevertheless, most Americans perceive Mr. Clinton as a warm, friendly person who is well-informed and say that it is too early to determine whether his presidency ultimately will be a successful one.

Relatively few can cite any Clinton accomplishments, although support for his economic plan and his handling of foreign policy and trade issues is fairly strong and up slightly from previous polls. In sharp contrast, there is clear disapproval of the president's decision to ease the ban on homosexuals in the military.

The survey found that 39 percent approve of Mr. Clinton's job performance, while 46 percent disapprove. Although the president's approval rating jumped about a dozen points after the June 26 attack on Iraqi facilities in Baghdad, his latest rating has returned to the level of early June. But the jury is still out in the long term: 60 percent think it is too early to judge the success or failure of his presidency.

The public overwhelmingly considers the president warm and friendly (87 percent) and well-informed (63 percent). At the same time, a majority does not think that the president keeps his promises (53 percent) and does not believe he can get things done (54 percent). The public is also evenly divided on whether it thinks he is well-organized. (LAT)

Rostenkowski Pays the Price for Legal Woes

WASHINGTON — Representative Dan Rostenkowski, fighting a federal investigation of his finances, has spent more than \$355,000 in campaign funds on lawyers' fees for himself and his aides in the last 18 months, federal records show.

Such use of campaign money is entirely lawful. But the amount of the lawyers' bills, while not unprecedented for a member of Congress under criminal inquiry, is a reflection of the depth of the legal trouble that Mr. Rostenkowski, the Illinois Democrat who heads the House Ways and Means Committee, may be facing.

Robert V. Rota, former postmaster of the House post office, has told federal investigators that Mr. Rostenkowski embezzled tens of thousands of dollars from the post office by exchanging stamp vouchers drawn on his office account for cash, according to court records filed when Mr. Rota pleaded guilty to misdemeanor charges in federal court here last month. (NYT)

Quote/Unquote

"It's not easy, it's painful to admit mistakes you make," Margaret M. Richardson, commissioner of the Internal Revenue Service said after listening to members of the Senate Governmental Affairs Committee express outrage that some IRS employees had abused their public trust by improperly browsing through tax records. (WP)

King Case Penalties Attacked as Racist

Compiled by Our Staff From Dispatches

LOS ANGELES — Rodney G. King joined federal prosecutors and black leaders Thursday in criticizing the 30-month sentences given to the two policemen convicted of beating him. Prosecutors said they may appeal.

"If it was me I would have been doing 10, 15 years," Mr. King said in an interview shown on NBC. "But once you're going up against police officers, it's hard to prove it. Who's going to believe you?"

While he said he was satisfied, Mr. King expressed some relief that Sergeant Stacey Koon, 43, and Officer Lawrence Powell, 30, did at least get some prison time.

In sentencing the two Wednesday, Judge John Davies of the U.S. district court said that Mr. King, by being combative, brought much of the beating on himself.

The two policemen had faced a maximum of 10 years in prison and \$230,000 in fines for violating Mr. King's civil rights. Federal guidelines called for sentences of six or seven years.

With "good" behavior, the two men could be free in a little more than two years. They were ordered to report to prison Sept. 27. However, lawyers for the two policemen said they planned to appeal the convictions.

All available police officers were put on duty to prevent a repeat of the rioting that left more than 50

people dead in 1992 after Sergeant Koon, Officer Powell and two other policemen were acquitted on state charges in the beating.

The city remained calm overnight and the alert was ended this morning, with the police returning to their normal schedules.

Black leaders and citizens alike denounced the sentences. Benjamin F. Chavis Jr., executive director of the NAACP, said, "These sentences display a blatant disparity, discrimination and inequity, based on race. Once again a double standard of justice in the United States legal system has been exemplified."

Mr. King, who has filed a \$50 million lawsuit against the city, did not attend the sentencing. In the NBC interview, he accused the judge of trying "to set a tone for the civil case" with his comments at sentencing.

Mr. King was clubbed, kicked and stomped March 3, 1991, after leading police on a chase that began when they tried to stop him for speeding. An onlooker videotaped the episode, which became a national symbol of police brutality.

Judge Davies said the policemen had acted legally for the first 67 taped seconds and went too far only after Mr. King had become submissive. Most of the serious injuries were inflicted by that time, he said. (AP, NYT)

Away From Politics

• A fugitive who was questioned by the FBI after the bombing of the World Trade Center in New York in February and then released has been indicted as a conspirator in the explosion. Federal authorities charged that Abdul Rahman Yasin, also known as Ahmad, helped mix explosive chemicals in the month leading up to the bombing.

• A federal judge has reinstated Leonard Jeffries as chairman of the black studies department at City College in New York, ruling that although he had made "hateful, poisonous and reprehensible statements" and had behaved in a "unhinged" way, his removal had violated his constitutional rights. Mr. Jeffries was removed after a 1991 speech that was considered by many to be anti-Semitic.

• A burglar who killed his 75-year-old victim because he feared being identified was executed in Huntsville, Texas, Joseph Paul Jernigan, 39, because the ninth man to be put to death in Texas this year.

• Energy Secretary Hazel R. O'Leary plans to replace the primary contractor in charge of building the superconducting supercollider with a more experienced company. Universities Research Association Inc., a nonprofit consortium of universities, will continue to handle design questions and operate the collider once it is finished.

• The State Department secretary arrested by the FBI on espionage charges has been accused of helping pass classified cables and other secret information to rebels trying to topple the Liberian government. Geneva Jones and a co-defendant, Dominic Mube of Cameroon, were kept in custody after their arraignment before a federal magistrate in Washington. (NYT, AP, WP, Reuters)

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U.S. Wavers on Expansion of UN Peace Role

By Barton Gellman
Washington Post Service

WASHINGTON — President Bill Clinton's national security advisers have agreed to support a "rapid expansion" of United Nations peacekeeping operations around the world, but the new policy falls far short of UN hopes and the aggressive proposals of some officials.

The initiative, outlined in a classified draft of a Clinton directive, endorses the United Nations as "in effect, a world policeman and arbitrator." Washington to support multinational peacekeeping and peacekeeping operations "politically, militarily and financially."

But it rejects the call from the secretary-general, Boutros Boutros Ghali, for a UN "rapid deployment force" for intervention in world trouble spots, an idea Mr. Clinton endorsed in 1992.

The Pentagon, in the words of one official, threw "a major dose of cold reason" on broader proposals from the State Department and National Security Council staff.

The major emphasis of the directive is the bolstering of the size and professionalism of the UN headquarters staff, of whom fewer than 80 full-time employees now work to

control 80,000 troops around the world in 14 operations.

Unwilling to pay for this, however, the Clinton administration is directing its chief delegate to the United Nations, Madeleine K. Albright, to begin recruiting donors, "focusing on Japan and Germany."

If signed by Mr. Clinton this month, as expected, the directive would formalize the president's acceptance of UN command over U.S. troops, a milestone.

But the document rejects any open-ended U.S. commitments and directs American military commanders to disobey UN orders they judge illegal or "militarily imprudent."

The new policy comes at a time of unprecedented growth in demands for UN peace roles and in serious problems with operations in Somalia and Bosnia.

The Clinton directive says the United States will neither "endorse" U.S. military units for UN peace operations nor even promise to supply capabilities such as combat engineering and air cover. Instead, Washington will list a set of capabilities that it may be willing to contribute "on a case-by-case basis."

The effect of that restraint, according to one disappointed advocate of greater commitment, leaves the world body in the position of "rounding up a posse" every time it considers a new intervention.

At the same time, the plan endorses a broad new definition of what constitutes a "threat to international peace and security," setting the stage for forcible UN intervention when a country undergoes "sudden and unexpected interruption of established democracy or gross violation of human rights."

The policy allows for U.S. troops to be placed under the "operational control" of a UN commander, which ratifies an experiment under way in Somalia.

When the U.S.-led humanitarian intervention there gave way to UN command in May, Mr. Clinton became the first president since the Korean War to place U.S. troops under UN command.

But in a controversial hedge, the directive orders U.S. commanders in such operations to maintain separate reporting channels to higher U.S. military authorities and to disobey UN orders that they judge illegal, outside the agreed UN mandate or "militarily imprudent and unsound."

The United States will also reserve the right to end participation of U.S. units and to take whatever actions it deems necessary to protect them.

Although Pentagon officials insisted on these conditions, they acknowledge that they make for what one called "a double-edged sword."

"If we're in charge, do we want the Turks to say, 'I don't like that order,'" asked one officer. "It's going to cause us some problems as we try to sell this to other nations in the UN."

Mrs. Albright acknowledged in a closed-door talk to army officers a week ago that the reservation of national decision-making power made for "serious command and control problems" in a UN force.

Those problems are already clear in Somalia. Italian forces in Mogadishu have conducted military operations and negotiations there without consulting the UN's overall commander, and the Italians have refused direct orders to attack Somali gunmen.

"If this is the wave of the future, the future looks pretty ugly," said a U.S. officer.



LAST RESPECTS — A priest after praying at the coffin of King Baudouin at the Royal Palace in Brussels on Thursday. A crowd estimated at more than 100,000 turned out in the Belgian capital to mourn the monarch, who died in Spain on Saturday at age 62. The funeral is Saturday.

ETHNIC: Washington Seeks to Mediate in Ex-U.S.S.R.

Continued from Page 1

these conflicts. Secretary of State Warren M. Christopher has appointed the deputy chief of the U.S. Embassy in Moscow, James Collins, to be a coordinator for regional affairs under Ambassador-at-Large Strobe Talbott in the State Department's Office of Newly Independent States.

Mr. Collins's principal activity, according to a senior official, will be "diplomatic arbitration" or mediation — between the parties to these disputes, so long as they welcome it. His leverage, the official added, lies partly in that many of the parties have better relations with Washington than with each other or with Moscow.

Washington's leverage also comes from U.S. plans to provide roughly \$1.7 billion in economic assistance to Russia and \$800 million in economic assistance to the states on Russia's borders, the official said.

U.S. officials also said the administration was willing in principle to support the future deployment of UN peacekeeping forces within the borders of the former

Soviet Union, if such operations met criteria aimed at ensuring that participating Russian troops cannot suppress regimes or political groups hostile to Russia.

These criteria are spelled out in a new policy directive on international peacekeeping operations drafted by senior U.S. officials and awaiting President Bill Clinton's signature. The document contains a section on peacekeeping operations in the former Soviet Union, stipulating that such operations must be welcomed by all parties to the dispute, adopt a neutral stance, respect all borders, preserve democratic policies, be of finite duration and remain under strict UN political control.

A copy of the directive, obtained by The Washington Post, states that while the United States may encourage various regional military organizations to supervise and carry out peacekeeping operations in former Soviet territory, it will oppose extending that authority to the Commonwealth of Independent States, the loose-knit political union formed by Russia and other former Soviet republics.

Bosnia Officer at State Quits in Policy Protest

By Michael R. Gordon
New York Times Service

WASHINGTON — The State Department's chief expert on Bosnia-Herzegovina has resigned, charging that the Clinton administration was putting undue pressure on Bosnia to agree to a partition.

It was the second time within a year that the State Department official who manages Bosnia issues on a daily basis had resigned to protest U.S. policy.

The departure of Marshall Freeman Harris, the department's desk officer on Bosnia, occurred as Serbian forces continued to tighten their hold on Sarajevo, the Bosnian capital, despite the threat of air strikes by the North Atlantic Treaty Organization. The decision by Mr. Harris reflected continued disagreement within the State Department on U.S. policy.

[Mr. Harris will join the staff of Representative Frank X. McCloskey, Democrat of Indiana, an outspoken critic of President Bill Clinton's policy. The Associated Press reported from Washington.]

[At a news conference, Mr. Harris said that there was much disagreement in the State Department over Bosnia policy. "I don't know that we're in great turmoil, but it's no secret that there's widespread dissent," he said.]

In a letter of resignation to Secretary of State Warren M. Christopher dated Wednesday, Mr. Harris asserted that the U.S. push for air strikes was too little, came too late and represented an abandonment of the Clinton administration's stance that Bosnia be preserved as an independent state.

"I can no longer serve in a Department of State that accepts the forcible dismemberment of a European state and that will not act against genocide and the Serbian officials who perpetrate it," Mr. Harris wrote.

He accused the Clinton administration of having missed or mishandled earlier opportunities to persuade the North Atlantic Treaty Organization allies to agree to lifting the arms embargo on the Bosnian Muslims so the Muslim-led government could defend itself.

The air strikes that the Clinton administration is now planning, Mr. Harris wrote, are limited and are partly intended "to assuage" the Bosnian Muslims to agree to partition. The administration is giving the government to surrender its territory and its sovereignty to the victors in a war of aggression.

Mike McCurry, a spokesman for Mr. Christopher, said Mr. Harris had not played any real role in the administration's more aggressive policy on Bosnia.

The resignation recalled the departure of George D. Kenney during the Bush administration. Mr. Kenney quit as the department's deputy chief of Yugoslav affairs in 1992, accusing the government of failure to take action.

Serbs Offer to Open 2 Roads to Sarajevo

Compiled by Our Staff From Dispatches

PALE, Bosnia-Herzegovina — Bosnian Serbs offered Thursday to withdraw from strategic heights overlooking Sarajevo and to open two routes to let supplies enter the besieged capital.

The offer appeared to be an effort to stave off threatened Western air strikes and to salvage peace talks stalled in Geneva.

"We agreed to open the city of Sarajevo as soon as possible," the leader of the Bosnian Serbs, Radovan Karadzic, said at his headquarters here in Pale, outside Sarajevo. But he made no explicit reference to the 16-month-old Serbian siege. Earlier this week NATO mem-

bers authorized air strikes to prevent strangulation of Sarajevo.

On Thursday, the U.S. secretary of state, Warren M. Christopher, said he would visit Aviano air base in northern Italy on Friday to discuss details of operations.

NATO's governing body is to reconvene Monday to debate whether to proceed with air strikes against Serb-protected air bases and other UN-protected areas in all-Bosnian spokesman said in Brussels.

At the Geneva talks, mediators said Thursday that there would be no further sessions until Monday — a clear sign they were having problems getting the Muslim-led government back into negotiations.

The president of Bosnia-Herzegovina, Alija Izetbegovic, a Muslim, had said he would boycott the talks until Serbian forces withdrew from the heights over the capital.

In Sarajevo, Mr. Karadzic said that routes to the city would be opened for United Nations military, relief and commercial traffic.

In addition, Mr. Karadzic said, Bosnian Serbs would relinquish strategic positions on Mount Igman and Mount Bjelasnica over the city and return to their previous positions. UN peacekeepers could take over the positions, he said, to ensure they remained neutral.

In Geneva, the Bosnian foreign minister, Hris Stijepic, said that

JAPAN: New Coalition Gets Off to Bumpy Beginning

Continued from Page 1

ated 1 P.M. opening of the plenary session. At 9:35 P.M. they gave up, and it was announced that they would resume Friday.

"I used to be a member of the Liberal Democratic Party," said Keiwa Okuda, a leading member of one of the coalition parties, "so I cannot criticize them too much, but I marvel at their persistence."

"I don't want to use the word 'harassment,'" said Hajime Furusaka, another recent defector from the Liberal Democrats, "but I wish they wouldn't be so obstinate; they would act more as adults."

The analysis turned what many had expected to be a formality into a fluid situation. Although several experts said that Mr. Hosokawa was still likely to be elected soon,

they also admitted that the delays would test the coalition.

Adding to the sense of unease were reports that Mr. Hosokawa had been having difficulties forming his cabinet. Most of the posts have been appointed in elaborate negotiations between the parties. But he has insisted that he would like to appoint a few people who are not elected members of the parliament.

For instance, it has been widely reported that he approached Akio Morita, the chairman of Sony Corp., to be foreign minister. Mr. Morita is reportedly uninterested, but the issue caused some debate within the coalition. The foreign minister's job is highly prestigious, and coalition members argued, so why give it away to an outsider?

The continuing debate over such questions has meant that it may take another day or two after Mr. Hosokawa's decision to complete the cabinet and submit the names to the emperor for final approval. By then, the coalition may be even weaker, giving some confidence to the battered Liberal Democrats.

"The Liberal Democrats will return to power," insisted Masaharu Gotoda, the outgoing prime minister.

AKIHIRO WILL VISIT GERMANY
Agence France-Press
BONN — Japan's imperial couple will visit Germany next month as part of their first trip to Europe since Emperor Akihiko's accession to the throne in January.

Angry Taxpayers Tell Italy to Lay Death Tax to Rest

ROME — Italy's health ministry wants to bury a disputed tax that even places a levy on the dead.

Health Minister Maria Pia Garavaglia said on Thursday she would propose abolition of the 85,000 lire (352) so-called family-doctor tax at a cabinet meeting scheduled for Friday.

Most people, including those who have died during 1993, are liable for the tax, which was intended to help regional governments pay for family medicine under the state health plan.

The main effect of the levy has been taxpayer outrage. The health minister, a Christian Democrat, earlier said she would do her best to have the tax abolished by next year.

CHANNEL: For Swimmers, It's Still the Ultimate

Continued from Page 1

of tankers and ferries and fishing boats. It's not even much of a barrier anymore; a 51-mile rail tunnel, scheduled to open to traffic next year, has been borrowed beneath it.

The channel is so crowded that this spring the French Coast Guard barely swimmers from the coast near Calais, out of concern that they were interfering with traffic. As it is, coastal radio finally broadcast half-hour warnings to all ships in the channel, telling them to post special lookouts whenever a swimmer is in progress.

Still, the swimmers keep coming. Mr. Scott said, which reflects perhaps the current mania for fitness and the special popularity of other endurance athletic events, such as marathons and long-distance bike racing.

If nothing else, the swimmers sustain a cottage industry in Dover and nearby Folkestone. At the Boots Pharmacy here, for the equivalent of about \$22, swimmers can buy a two-and-a-half-pound tub of "channel grease," a handmade concoction of lanolin and petroleum jelly that swimmers smear on their bodies to help protect them from the cold and dirty

water. At this time of the year, its temperature is an average 62 degrees Fahrenheit (16 centigrade).

At least six local fishing boats contract out as pilots for swimmers, escorting them on the trip across the channel, at a price of about \$1,500 per trip. Several hotels and bed and breakfasts offer special rates for channel swimmers and their parties.

"Swim what you want about the swim, but it's still the summer, the scene, the Mount Everest of the swimming world," said Mr. Scott, 71, who gave up swimming in the Channel 11 years ago after padding head first into a patch of raw sewage.

But for most of the swimmers, pollution is the least of the hazards. "You've got the extreme cold, darkness, jellyfish, sudden shifts in weather and the waves, including the washes of those big ships," said Mr. Accorodo, a professor of statistics and physical education at Kansas State University.

For him, the swim was part of an academic research project, and a proposed research paper, to determine whether the physical demands of the grueling swim could be accurately offset with precise conditioning and careful calculations balancing the body's energy needs against expected caloric expenditure.

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RURAL HEALTH SERVICES PROJECT - LESOTHO PROJECT COORDINATOR

Applications are invited from suitably qualified candidates or consultancy firms for the position of Project Coordinator for the Rural Health Services Project (RHSP).

The Rural Health Services Project is financed by the African Development Bank (ADB) under the Ministry of Health. Lesotho Government is in the process of upgrading eight District Hospitals. The hospitals in three districts (Butha Buthe, Leribe and Molelele's Hoek) have been completed and the construction work in two districts (Mafeteng and Quthing) are in progress and are expected to be completed in August 1993. The construction works for final phase are expected to start in January 1994 and will involve upgrading of three hospitals (Berea, Quthing's Neck and Molelele's Hoek).

Applications must be from citizens or firms of Participating States of ADB, and member countries of the ADB, and shall be Architects, Engineers, Quantity Surveyors or Building Technologists or Architects, Engineering or Quantity Surveying firms. Experience in local conditions and management of projects funded by International Financial Agencies ADB, World Bank, etc. will be added advantage.

Position is for a two year contract renewable. Firms applying for the position must note that they will have to second a person to the project on a full time basis.

Applicants should submit their applications in writing with Curriculum Vitae, names of three referees on or before 10th September 1993 to:

The Principal Secretary
Ministry of Health
P.O. Box 514
Maseru 100
Lesotho
Telephone: 322836 - Fax: 310041

Bonn Sees Influx Ease After New Asylum Law

Compiled by Our Staff From Dispatches

BONN — The number of people who sought political asylum in Germany in July dropped by a third as a new control law took effect, the Interior Ministry said Thursday.

But it added, "The number of asylum seekers registered in July is still too high."

In July, the Interior Ministry reported, 20,658 people applied for asylum compared with 31,122 in June. In April, 43,243 sought asylum and 31,703 applied in May.

It cautioned that the July figures were not sufficient in themselves to determine whether the new law restricting asylum, which was adopted in May and took effect July 1, was effective.

The total people who sought asylum in the first seven months was 244,718, up about 10,000 from the same period of 1992.

Authorities said they were waiting to see how international samples of asylum seekers in Germany would react to the new controls.

The Interior Ministry said the July figures probably included people who had arrived in Germany just before the new law took effect, and others who had crossed earlier and then registered in July.

Nearly 6,300 of the asylum seekers in July were from Serbia and Montenegro, the remaining republics of federal Yugoslavia, and Macedonia, one of the former six Yugoslav republics.

The new law provides for immediate denial of entry to people crossing from a bordering nation and requesting political asylum.

Previously, Germany had one of the most liberal laws in Europe on political asylum. Virtually anyone who managed to get foot in the country and request asylum was honored, fed and given pocket money until the asylum application had been considered, a process that could last for years.

German conservatives say growing racial violence is in part a reaction to the hundreds of thousands of refugees who have poured into the country from Eastern Europe, Africa and elsewhere.

Critics counter that Chancellor Helmut Kohl's center-right coalition is using the refugee issue to further its conservative goals.

(AP Wire)

Herald Tribune

Published With The New York Times and The Washington Post

Yes to Deficit Reduction

The budget compromise that Congress is voting on this week is not as bold or inspiring as President Bill Clinton asserted in his television address on Tuesday. But neither will it lead to the economic Dunkirk forecast by Bob Dole, the Senate Minority Leader. To the president's and the conference committee's credit, the plan would begin to bring the deficit monster under control without imposing undue harm on a fragile economy. Where the plan comes up short is in its failure to tilt public and private spending toward investment — the key to long-term growth.

This budget does not embody the economic plan that Bill Clinton ran on or the economic agenda he set forth in his compelling speech to a joint session of Congress in February. He promised then to stimulate the economy, to strengthen the country's economic base with innovative investment programs and to reduce the deficit through new taxes on the rich and cuts in federal spending. Both the stimulus and the investment initiatives have all but disappeared, leaving a deficit reduction program.

But that program is coherent and fair, and while the plan does not promise salvation, a weary Congress would do a weary public a huge favor by passing it now, returning to unfinished business later on. A special burden falls on the balky Senate Democrats who, if all vote no, will torpedo the bill. Not one of them advances a sufficiently riveting principle to justify a negative vote. But their obstinacy could damage the economy and the vitality of their party and its leadership.

The compromise budget cuts deficits by almost \$300 billion over five years, primarily by raising taxes on families earning more than \$100,000 a year and raising taxes on everyone else by less than a dollar a week. It would cut defense spending by about \$100

billion and Medicare by about \$55 billion. The conferees did not preserve many of Mr. Clinton's investment initiatives because, to reach a compromise that could get past Senate Democrats, they scrapped his \$70 billion broad-based energy tax and adopted instead a Senate-passed gas tax that would raise only \$20 billion. The conferees made up the difference responsibly — by chipping away at but not eviscerating the president's programs to provide new money for low-paid workers (including, for the first time, those without children), families on the verge of breaking up, childhood immunization, food stamps and economic development for urban slums.

The conferees made several unwise decisions. In a triumph of party bookkeeping over economic good sense, they chose to impose more taxes this year, when the economy is lurching along, than the Senate had proposed. They also approved several "temporary" tax breaks even though they know that Congress will almost surely extend them when they expire. Under the budget rules, that means Congress will then have to find offsetting spending cuts and taxes.

Finally, the proposed "cuts" in Medicare are essentially disguised tax increases. Congress would not cut benefits for retirees but would reduce reimbursement for doctors and hospitals, which will be expected to make up the loss by raising fees for their non-Medicare, mostly middle-class patients.

The plan is not, contrary to Mr. Clinton's claims, a first step to a "national economic strategy." It is deficit reduction, pure and simple. But it would impose the burden of reducing the deficit on those most able to afford it. And it is far better than anything its opponents in either party have offered.

—THE NEW YORK TIMES.

Managua Must Take Hold

Violeta Barrios de Chamorro's gamble on rebuilding Nicaraguan democracy in partnership with the Marxist-oriented Sandinistas, whom she had defeated in elections, blew up on May 23. On that day an explosion in Managua brought to general knowledge an arms cache and international terrorism center that the Sandinistas had set up when they governed and had then hidden from their successors.

In the debris were a guerrilla arsenal with 19 surface-to-air missiles, documents detailing a kidnapping ring directed against Latin millionaires, and hundreds of false passports and identity papers. The disclosure showed the final folly of Mrs. Chamorro's effort to bring in the Sandinista Humberto Ortega as minister of defense in the name of "reconciliation." It also rendered politically untenable any further American support while Sandinistas wield unearned and unaccountable power.

An angry U.S. Senate last month voted down virtually all forms of economic aid to Nicaragua. A crisis of governance in Managua had already undermined Mrs. Chamorro's effectiveness and brought renewed armed strife. Even many senators who had earlier argued for a negotiated rather than a punitive approach to human rights and property differences with Nicaragua supported the aid cutoff. Now the issue moves to the House. It cannot support aid unless Nic-

aragua moves firmly to subordinate the military to civilian authority. The Sandinistas still control the military and the intelligence operations, regarding these as arms not of state power but of their party's power. This profound abuse must end.

To end it will require Mrs. Chamorro to turn out those who have betrayed the national trust and to reach to the democratic parties that supported her election but then found themselves frozen out. A leader who has shown much bravery, she has some substantial achievements in reordering the economy and reducing the effects of a long civil war. But she has allowed a party to have an army, which it uses to maintain secret capabilities and to run a political police force. If she cannot make these changes, Nicaraguan democrats must find another way.

President Chamorro has welcomed international help in clamping down on any terrorist connections. Discovery of fraudulently obtained Nicaraguan passports at the Brooklyn home of a World Trade Center bombing suspect naturally sharpened American interest. But cooperation with Interpol and the FBI does not go to the basic problem of civilian control of the military. Not at American bidding but to serve Nicaraguan democracy, this is where Managua must turn.

—THE WASHINGTON POST.

The Demjanjuk Case

The "Ivan the Terrible" case has left a scar on American justice. Whatever evils John Demjanjuk may have committed as a Nazi guard, the investigation that sent him from Cleveland to Israel for a war crimes trial was bungled. It is unlikely that Israel will conduct another trial. Thus the only effective way to restore order and honor is for the Justice Department to bring Mr. Demjanjuk, who was acquitted of the most serious charges against him, back to the United States to determine his ultimate home and citizenship.

The Ukrainian-born auto worker was accused a decade ago of being the sadistic guard "Ivan the Terrible" of Treblinka, the death camp in Poland where nearly a million Jews were exterminated. He was stripped of his American citizenship, held deportable and extradited for a murder trial in Israel, where he was convicted and sentenced to death.

But new evidence from Soviet Union archives persuaded Israel's highest court last week to acquit Mr. Demjanjuk of the Treblinka charges. The U.S. Court of Appeals in

Ohio now wants him brought back while the judges reconsider their own orders in the case. The judges probably lack the power to order the Justice Department around, but Attorney General Janet Reno should take the hint and bring the prisoner back.

As both American and Israeli courts have said, Mr. Demjanjuk is no innocent. There is strong evidence that he stood guard at Sobibor, another death factory, and lied about his whereabouts during World War II to gain entry to the United States. That is enough evidence, independent of the discredited Treblinka charges, for denaturalization and deportation.

The trouble is that these charges have become so enmeshed with the "Ivan the Terrible" mix-up that the process has to be done over, cleanly. The government should have an interest in new proceedings that are universally perceived to be fair and thorough. Its own credibility in future war crimes cases is at stake. Attorney General Reno needs to cooperate fully in cleaning up this case.

—THE NEW YORK TIMES.

Other Comment

Muscles Flexed Over Bosnia

Bosnia's crisis has at last brought the United States and its European allies to the verge of action. The NATO agreement to plan for air strikes, subject to UN approval, has for the first time the appearance of a credible threat to continued Serb aggression.

It is tragic that international muscles are being flexed so late that they have to assume a military rather than a diplomatic form. It is essential that whatever action may be undertaken has the full and prior agreement of the Security Council.

But this is truly the last ditch out of which there is only one chance left to extricate what survives of Bosnia and what remains of European credibility.

—The Guardian (London).

This is not the first time that Washington has brandished the threat of military intervention, and one must take note that these warnings have hardly impressed the Serbs' leaders, who have tranquilly pursued their territorial conquests. A military intervention should have been carried out more than a year ago.

—Le Monde (Paris).

It's Time to Renew the European Vision

By Flora Lewis

MAHON, Minorca, Spain — There is an ugly tone of satisfaction and even smug anticipation in reaction to last weekend's display of European Community monetary troubles. The premature obituary of the European Union pledged in the Maastricht treaty sound delirious to find not only that Europe is having a hard time getting itself together but also what is taken as evidence that it never will.

The selfish sovereign state shall ever reign supreme, these Euroskeptics say, and they are by no means only British. Nationalism is rising everywhere, and they take this as the natural order of

some kind of crisis ahead, and the options for dealing with it narrow as it looms unresolved. Bosnia is the moment's example.

There may be no direct link between the rising violence against foreigners in Germany, even after the new restrictive asylum laws which Helmut Kohl's government thought would ease strains, and the banking community's satisfaction with putting the mark over *alles*. But both reflect an exclusionary, us-first kind of nationalism that, history shows, can feed on itself to cataclysmic intensity.

In France, *Le Monde* has made energetic efforts to expose the new "red-brown" alliance, a label taken from contemporary Russian politics where Communist and ostensibly anti-Communist totalitarians find common cause in opposing liberal, democratic reforms. The joint appeal is to emotional, narrow-eyed nationalism. In time of troubles, it is easy to find some "other," some alien conspiracy to blame for what is going wrong.

The age-old resort to using Jews, and Gypsies, as scapegoats is on the rise not only across Eastern Europe and Russia but also among some groups in the West as well. The red-brown connection in France is still marginal, of course, but *Le Monde* is right not to hold off until it gathers weight. There is very good reason to be ultra-sensitive to the sort of extremists who did so much harm in the past.

There is very good reason to be ultra-sensitive to the sort of extremists who did so much harm in the past.

Things, so must the feudalists have thought when nation-states were being studied were seen as the natural order of human affairs.

There was widespread applause in Germany for the Bundesbank's refusal to lower interest rates, which provoked the latest crisis. Putting the Federal Republic's immediate concerns ahead of the longer-term goal of cooperation, using the current position of strength to force partners to share the vastly expensive burden of mismanaged unification, was considered sensible self-defense.

Reconciliation, with some justification on all sides, darkens the atmosphere and will make it that much harder to find common ground when the next crisis comes, as it will. There is always

The success of the European Community, bringing prosperity, reconciliation and a new sense of what Easterners cravily came to call "living in a normal country," had a lot to do with the end of Soviet domination and threat. The club has acted as a powerful magnet drawing people not only to seek its benefits but to profess its principles.

But the magnetic field can be reversed. If the West loses its compulsion toward unity and cooperation as the method of facing problems, it can be drawn back toward the system of rivalries, ancient feuds, irrational fight for advantage that are afflicting the East as it stumbles toward democracy.

This is a crossroads, a battle to impose the dominant trend. The outcome is not inevitable. Constant choices have to be made to maintain the direction of peace and well-being. Every step in the wrong direction, even minor, makes it that much harder to sustain the extraordinary task of reforming international society.

It would be a tragic irony if release from the Soviet menace left the West to link back into the old, devastating mistakes just as the East is struggling to follow its beacon-guide to the way out.

The Brussels negotiators reaffirmed their determination to restore momentum toward unity even as they made the necessary compromises to keep things going for now. They should be supported and encouraged to keep on track.

Nobody can prove whether the future Europe envisioned by Maastricht will become a reality, or will remain in the category of dreams. Nobody can deny that the past from which Europe seeks to emerge was a real nightmare. This is a time to regret setbacks and renew dedication.

© Flora Lewis.

The World Can't Afford to Allow Gain by Conquest

By Walter C. Clemens

BOSTON — To recognize the carving up of Bosnia-Herzegovina by Serbs and Croats would imply that might makes right. It would find a long-standing principle of U.S. policy as well as any pretense that the United Nations upholds world order.

Beginning in the mid-19th century, the U.S. Supreme Court and later the State Department denied the admissibility of gain by conquest — for the United States or other countries. Latin American states joined with Washington in 1856, pledging not to recognize any territorial change among themselves for any reason.

When Japan invaded Manchuria in 1931, the Hoover administration decided that its options were severely limited by American isolationism, the Depression and Japanese naval superiority. But Secretary of State Henry Stimson announced what became known as the Stimson doctrine. He informed the world that the United States would not recognize any political or territorial change made by force.

Such "appears of straw and swords of ice," as the Chinese say, could not save China. But they influenced the League of Nations, which condemned Japan and urged its members not to recognize its puppet state Manchukuo. The Stimson doctrine shaped the climate in which the United States and China later fought as allies against Japan.

The State Department applied the Stimson doctrine to Moscow's 1940 claim that the Baltic republics had joined the Soviet Union. Even after Stalin became a U.S. ally against Hitler, and when London begged Washington to recognize the new Soviet borders to please him, the United States refused. Despite periods of détente after Stalin's demise, U.S. government maps always pointed out that Washington did not recognize the Baltic republics as part of the Soviet Union.

In 1986, the U.S. ambassador in Moscow, Jack Matlock, made the same point in Ljubljana at a conference in Riga. The United States never closed the Baltic legations, which were still functioning when the Balts regained independence in 1991. President George Bush waited until the collapse of Soviet power in Moscow to recognize Baltic independence, but the United States upheld an important point of international law for 51 years.

Such "appears of straw and swords of ice" to join the Soviet Union in 1940 after the Red Army arrested opposition forces and organized elections with just one slate of candidates. In Sarajevo there is not even a facade of support for partition. The multiethnic government there wants to organize the state of Bosnia-Herz-

govina based on economic regions, not ethnicity.

Some Bosnian leaders, however, say that they will accept partition to avoid another Thirty Years' War. If they do so, they will have reluctantly bowed to superior force. Washington should not dignify the Serbian and Croatian conquests by recognizing them any more than it did Fascist or Soviet expansion as World War II began.

There is a related point especially important for Americans. Bosnia-Herzegovina stands for cultural and ethnic pluralism — not unlike the United States, Switzerland or Singapore. A mutually tolerant, multiethnic Bosnia-Herzegovina provides an alternative to fanatic ethnocentrism lashed to religious fervor. If Bosnia

goes down, all the defenses against religious crusades and intolerance will weaken. Muslims will say that Hitler did smilies and trick, frowns and threats, fifth columns and frontal attacks. His sins may be more limited, but the ramifications are still dangerous. If the West bows again to Serbian expansion, will this not encourage Belgrade to test Western resolve on Kosovo and Macedonia? If so, with whom will Turkey and Greece stand a year from now, when the Serbs' expansion is dangerous not just to its Balkan neighbors but also to world order.

Muslims for centuries. Hitler affirmed his need to free master race kinsmen from Slavic rule. Serbian President Slobodan Milosevic used every trick that Hitler did: smilies and reason, frowns and threats, fifth columns and frontal attacks. His sins may be more limited, but the ramifications are still dangerous. If the West bows again to Serbian expansion, will this not encourage Belgrade to test Western resolve on Kosovo and Macedonia? If so, with whom will Turkey and Greece stand a year from now, when the Serbs' expansion is dangerous not just to its Balkan neighbors but also to world order.

The writer teaches international relations at Boston University and is a research fellow of Harvard University. He contributed this comment to The Washington Post.

Does Clinton See Where He's Headed?

By Charles Krauthammer

WASHINGTON — Bill Clinton is delivering yet another bombing threat to the Serbs in Bosnia. The good news is that after six months the new administration may be learning how to use American power. The bad news is that it has yet to learn what to use that power for.

The how is simple: when the United States wants to do something, it must be prepared to go it alone. Oth-

erwise, the force turned out to be empty bluff. Three months later, the administration seems to be learning. On Aug. 1, State Department spokesman Michael McCurry said that the United States would move unilaterally, if necessary, to relieve the siege of Sarajevo. Predictably the president and the secretary of state have since wiggled away. Nonetheless, their initial thrust of unilateralism had its effect. Some of the allies were moved to come along with the American plan. So now Washington knows how to threaten the Serbs with bombing. Now perhaps the president's men will ask themselves: Why?

This time, of course, the calibration of the bombing will be perfect.

ers will follow. When George Bush decided to go into Kuwait, he did not send his secretary of state around Europe for consultation and advice. He sent his secretary of state to say the United States was going in and to invite others to join it. They did. Last May, having learned nothing, Mr. Clinton sent his secretary of state to Europe to consult with the allies about an American plan to bomb the Serbs and lift the embargo on the Muslims in Bosnia. "Lift and strike" was, in my view, a bad idea. But if the president was serious, asking the allies was not the way to go about it. Predictably, the allies said "no," the plan collapsed, and the president — and the country — were embarrassed. Mr. Clinton looked either naive for not knowing the ways of the world, or cynical for knowing them too well and using the allies as cover to scuttle a plan that he never really wanted to risk anyway. In the end, a much ballyhooed threat of

force turned out to be empty bluff. Three months later, the administration seems to be learning. On Aug. 1, State Department spokesman Michael McCurry said that the United States would move unilaterally, if necessary, to relieve the siege of Sarajevo. Predictably the president and the secretary of state have since wiggled away. Nonetheless, their initial thrust of unilateralism had its effect. Some of the allies were moved to come along with the American plan. So now Washington knows how to threaten the Serbs with bombing. Now perhaps the president's men will ask themselves: Why?

The Bosnian war is not just at the endgame. It is at the end of the endgame. The Muslims have lost the war. The Serbs and Croats collectively control about 90 percent of the country. In Geneva the victors are pushing for a three-way partition of Bosnia. The Muslims would get about 30 percent of the country, about three times what they hold today. On July 30, the three parties agreed to a new constitutional agreement for a partitioned Bosnia. They were then supposed to start working on the map, when the Americans rode in at the last moment threatening to bomb the Serbs.

Why? To break the siege of Sarajevo, explained the State Department spokesman, and "to make sure that significant pressure comes to bear on the Serbs... in Geneva."

With this statement we return to that singular, disastrous conceit of the Vietnam War: the finely calibrated, perfectly tuned bombing

campaign. Having so successfully bombed North Vietnam into reason and moderation and good faith, we shall do so again with Serbia.

This time the calibration will be perfect. We shall bomb the Serbs just enough to induce them to sign on the dotted line, but not too much so as to induce the Muslims, the beneficiaries of our bombing, to harden their negotiating position in Geneva in the expectation that, the U.S. cavalry having arrived, they can hold out for better terms. It seems beyond the ken of Mr. Clinton's social engineers to understand that if you lift the scales of a delicate negotiation against one party you are performing tilting it toward another, and that this other is perfectly capable of prolonging the war.

One does not have to speculate about such unintended consequences. On Aug. 2, Alija Izetbegovic, the Muslim head of the Bosnian government, froze his participation in the negotiations, demanding that the Serbs besieging Sarajevo pull back first. That the losing party with no cards to play should be making unconditional demands can be attributed either to a kind of diplomatic derangement on the part of Mr. Izetbegovic or to a rational belief that with the Americans on his side he can demand better terms and prolong the war until he gets them.

"Diplomats and officials here," writes the New York Times' Paul Lewis from Geneva, "asserted that it was the Clinton administration's renewed talk of air strikes that emboldened Mr. Izetbegovic to withdraw from the talks." And it "encouraged the Bosnian government to play for time in the hope that the United States, with or without NATO, would soon enter the war on its side."

Has anyone thought through the implications of this late entry on the losing side of a civil war? What happens if the Muslims remain intransigent? And what happens if American bombing does not stop the Serbs?

I have no doubts about Mr. Clinton's good intentions. But this is rapidly becoming a presidency of good intentions and no road map.

Washington Post Writers Group.

Remember to Prosecute War Criminals

By Muhamed Sacirbey

The writer represents Bosnia at the United Nations.

NEW YORK — The rewriting of history under way in the current Geneva negotiations threatens to undermine the UN Security Council's objective to create a war crimes tribunal to bring to justice those guilty of atrocities in Bosnia-Herzegovina.

How is it that Serbian war criminals accused by the State Department, Amnesty International and Helsinki Watch of direct responsibility for brutal crimes have become recast in the role of peacemakers?

I have in mind, among others, President Slobodan Milosevic of Serbia, Radovan Karadzic, head of the Bosnian Serb rebels, and General Radko Mladic, commander of the Bosnian Serb forces.

The transformation is fictional, for "ethnic cleansing," genocide, massacre, torture and systematic rape continue even now under their direction. The purpose of this recasting of characters is to conceal a self-interest: to the crimes inflicted on Bosnia-Herzegovina, and Russia — charged with creating an environment hospitable to a just and durable peace have acted with the ill-considered expediency expected from the producers of an overbudget grade-B movie.

Unwilling to face up to the ever increasing costs of the aggressors' actions, they have directed a hasty, incoherent and nonsensical ending to the story. A war of genocidal aggression has been rewritten as a civil war.

Like the scenes littering an editing studio, evidence of brutal war

crimes has been swept from view. The spoils of aggression have been legitimized and accepted.

The real situation is illustrated by an order by the International Court of Justice at The Hague, in response to a complaint by Bosnia-Herzegovina. On April 8, it told Serbia's leaders to ensure that their forces in Bosnia do not commit genocide.

The international community's continued appeasement of these political men only increases their sense of invincibility and exonerates Bosnia-Herzegovina, meanwhile, will feel an even greater sense of abandonment, and it will lose confidence in any solution originating in the West.

One reason why the Security Council voted on May 23 to establish a war crimes tribunal was to deter atrocities. We should question the judgment of anyone in the peace process who would undermine the prosecution of violators of the Geneva Conventions and Protocols and the Genocide Convention.

Violations cannot in theory be annulled, so any betrayal of justice in Bosnia-Herzegovina will be achieved by weakening the tribunal, especially in its prosecuting function.

For it is the prosecutor who will be responsible for bringing charges against the defendants, not merely for developing the case. Consequent-

ly, the prosecutor must, in the best American judicial tradition, be independent of political elements that may prefer expediency to justice.

If the tribunal is to function properly, it must have sufficient financing and staff and its authority to apprehend and punish those found guilty must not be interpreted so narrowly as to render its verdict meaningless.

For Bosnia-Herzegovina, and the former Yugoslavia as a whole, war crimes trials are essential for any reconciliation. They will deter old Communists and new fascists — frequently one and the same — from using ethnicity as a weapon against a pluralistic society.

More immediately, if we are to encourage the more than 3 million displaced persons to return to their homes and not become a bitter class of permanent refugees, those who brutalized them must not go unpunished. Who would return to a territory controlled by those who murdered and raped his family?

If the war crimes tribunal is a travesty, the victims will take justice into their own hands, setting off a cycle of revenge and counter-revenge.

By prosecuting the guilty, we will exonerate the innocent. The entire Serbian nation does not deserve to bear the stigma of genocide and other heinous crimes committed in its name.

The connection between impartial justice and a sound peace is overwhelmingly clear — so much so that we can assume that those who would frustrate one fear the other.

The New York Times.

The Need For NATO Remains

By Manfred Wörner

The writer is secretary-general of NATO.

BRUSSELS — In the last few months there has been a debate in the United States about NATO's alleged post-Cold War irrelevance, with some calling for its official transformation, and others for its official transformation. The truth is that we may need NATO in the coming years more than ever, and that the alliance has already begun to adapt to a changing world.

I confess I am astounded by the logic of those who argue that the West's failure to prevent or undo the disaster in ex-Yugoslavia is a reason for undoing the alliance — as if we were to blame doctors for the persistence of illness, or police for the persistence of crime.

Yes, perhaps tragedy could have been averted had NATO been called upon at an earlier stage in the crisis. For the fact is that the alliance has efficiently executed every mission in ex-Yugoslavia with which it has been tasked — enforcing the blockade in the Adriatic and the no-flight zone over Bosnia-Herzegovina, and now preparing to protect UN forces in and around "safe areas" with air power.

Yugoslavia is thus a demonstration of NATO's potential, not of its irrelevance, in a Europe that has grown more turbulent in the post-Cold War era, not less.

Of course, to be used efficiently NATO requires the determination and political will of its member countries. No influential voice in Europe is calling for NATO's demise — not with the danger of the Yugoslav conflict spilling over, the contagion of ethnic strife spreading across the lands once ruled by communism, the fragility of democratic forces and institutions in those same countries, and the proliferation of weapons of mass destruction along the European periphery. NATO remains the primary source of stability and security in such an environment. This is why so many Central and East European countries are eager to join.

For Americans, the temptation must be great, and it would be understandable, to regard these problems as Europe's and focus on challenges at home. Indeed, it is in the interests of all America's allies that it strengthen its economy in order to maintain its global leadership, as it is in the interests of America that Europeans accept a greater share of the risks and responsibilities of crisis management.

But America paid a heavy price in succumbing to this same temptation earlier in this century, and it was by engaging itself resolutely in Europe through NATO that the United States helped prevent the occurrence of World War III. Today, NATO remains the most effective guarantee against developments which would greatly increase our risk, back to Europe in the circumstances once again.

As was demonstrated during the Gulf War through NATO's indirect support, it remains the backbone of the West's ability to deal collectively with the most menacing threats and instabilities of this new era.

The real question we face is how to adapt NATO to the changed circumstances, and on this, considerable progress has been achieved. In the past three years we have changed our doctrine and our force structure to meet the new challenges of peacekeeping and crisis management — at reduced troop levels and expenditures. We are acting, for the first time in our history, beyond the borders of NATO countries in support of the United Nations in former Yugoslavia.

Most importantly, we have moved to project stability into Eastern Europe and Central Asia by creating the North Atlantic Cooperation Council, which joins our 16 members with 22 former adversaries to consult on security issues, promote military restructuring along democratic lines, and cooperate in peacekeeping.

More must be done if we are to extend the blessings of peace, cooperation and stability eastward, and thereby prevent further Yugoslavias. But assuming our responsibilities will not be easy at a time when every member state is facing serious economic challenges, and when our public would rather equate the end of the Cold War with an end to all danger.

The only hope in these circumstances is leadership of a kind which, more than four decades ago, established the most successful alliance in history. In taking the initiative of calling for a NATO summit this year to point the way forward, President Bill Clinton has wisely placed us before our responsibilities. Four decades from now, history will be the judge of whether and how well we met the call.

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Mystère vs. Mistère

PARIS — The Polish tenor, Jean de Reszke, does not countenance the orthodox view that the Italian language, with its liberal supply of vowels, is the best medium for a singer. He recently declared himself in favor of French, which he thinks more dramatic. You cannot be mysterious in Italian, he says, neither can you be extatic. To him there is much more suggestion in *mystère* with its full roll, than the shrill, colorless Italian *mistère*. For the old-fashioned rôles he thinks Italian is all right.

1918: Stand for Liberty

LONDON — Mr. Lloyd George has addressed to the British people a message, which was read this evening (Aug. 5) at all the theatres and other places of entertainment in the United Kingdom: "The message which I send on the fourth anniversary of our entry into the war is this: 'Stand firm.' We are not at war for any

selfish motive. We are there to restore liberty to the nations brutally attacked and despoiled and to prove that no people, however powerful, can be permitted to attempt to dominate by the unbridled ambition of militarism, without incurring prompt, certain and disastrous chastisement, on the part of the free nations of the world."

1943: Swedes Halt Nazis

STOCKHOLM — [From our New York edition:] With 400,000 Swedish troops alerted for any German retaliation, the Swedish government announced tonight (Aug. 5) that the transportation of German soldiers to and from Norway through Sweden will be halted Aug. 20. The movement of German war materials through this neutral country, a three-year old practice, is to cease Aug. 15. The move came at a time when Germany is suffering reverses on three fronts, in Russia, Sicily and the air war over Europe.

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OPINION

President Hobson's Deficit Offer

By William Safire

WASHINGTON — Thomas Hobson ran a rent-a-horse agency for the hard-riding scholars of Cambridge, England. His system was not customer-friendly: Renters could take only the next available horse, thereby saving wear and tear on the more popular models. This led the poet Thomas Ward to coin a phrase in 1630: "Where to elect there is but one / 'Tis Hobson's choice — take that or none."

That explains the tinkering and compromising: President Clinton's initial leftward lurch has been modified to the short strokes, and Democratic leaders are pretending that it's all or nothing. That is unreal. If a further adjustment in the "final" plan is needed to win a handful of votes in the House, the speaker has the leeway to make yet one more deal. If Senator Dennis DeConcini refused to fall on his sword against the interests of retirees in Arizona, the majority leader could find a new concession to win him over, if not, some special, last-minute legislative seduction could make Sam Nunn the new Democratic hero.

Whatever Democratic budget ultimately passes will be "our plan" and be declared a famous victory.

opponents of the Democratic plan as "guardians of gridlock." (I would have added an alliterative adjective, "grim," to convey the full nattering-nabobs-of-negativism flavor, but speech writers today are more restrained.) There it is, my recalcitrant fellow Democrats, says President Hobson: Pass the leadership compromise or pass nothing. And if it's to be nothing, then the deficit and interest rates will soar and the stock market and the sky will fall.

But that is not the way the world of Washington works. Reality check: Victorious Democrats decided to put forward an economic plan all their own, with tax increases starting back before the inauguration and promised reductions in the planned increases of spending starting three years out (unless something comes up). Because this is the opposite of what most voters want, Democratic leaders found it hard getting a tax-now, maybe-out-later plan through the Democratic Congress.

To paraphrase Yogi Berra, it's not over because it's never over. If the impossible happened and the "final plan" were defeated on Friday, a new "final" plan would surely emerge next week or next month. Don't be fooled by the outrageous "our plan or no plan"; Hobson doesn't live here anymore. Whatever Democratic budget ultimately passes will be "our plan" and be declared a famous victory.

With that firmly understood, it was a pleasure to see the president make a prime-time speech from the Oval Office, the opposition leader make a serious rebuttal, and the networks carry it all and the best newspapers print the texts. Gridlock, shmuck; that is democracy in action. Note that I just wrote, and you just

read, "the president," meaning Bill Clinton, without straining. Oval Office addresses, like East Room news conferences, do what talk shows and town hall rallies cannot do: confer the ineffable left of presidentiality on a politician. The president sat there and quietly sought to persuade in an organized fashion, growing in stature before the nation's eyes.

No, he should not have aped Ross Perot in using the pitchman's charts; yes, he needs to learn how to modulate his voice and change his pace. But the speech was a creditable effort and his delivery has markedly improved.

Bob Dole's "four nos" were as negative as a series of nos usually are; the gallant rear guard must not let itself turn into the Old Guard. The Republican strategy — to let the Democrats squeeze their own juice and stew in it — is aimed at winning the Senate in '94, but cannot suffice for reclaiming the White House in '96. In coming rebuttals, the party should showcase Kemp, Alexander, Cheney, Wilson, Weld and other out-of-towners with nos in newer clothes.

The Democratic plan is quick to tax and slow to cut. That is a mistake liberals are born to make. For conservatives, the alternative is not to accept Hobson's choice, to say "O.K., then, no plan at all." Instead it is to say "You guys won the election. Now fix your plan to reduce the deficit the way the electorate is ready to accept: Tax a little, cut a lot."

The New York Times

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

The Moment Of Truth on The Deficit

By John D. Rockefeller 4th

The writer is a Democratic senator from West Virginia.

WASHINGTON — This week, Congress will decide the fate of President Bill Clinton's economic package. We will know whether we are finally ready to face our deficit demons.

If the measure fails, America's \$300 billion deficit will double within a decade. Twenty cents of every tax dollar will go to pay interest. Long-term interest rates will spike up, bringing higher mortgage and car payments. Stock prices will slump, economic growth will stall, and business investment will dry up in an already withering job market.

Oddly, despite these dire consequences, Republicans have thrown up an ever shifting series of obstacles to the president's plan. I want to believe they have grave, even desperate reasons to risk derailing the president's start toward economic recovery. I am forced to wonder whether fascination with Bill Clinton's first step has obscured the fact that we have been completely off course for more than a decade.

The entire solution is not meant to lie in this single budget. We can only begin to reverse what has been a 12-year drift toward financial dissolution. Our goal is progress, not perfection. A brief conversation with a colleague in a Senate elevator brought it all into focus for me. I urged him to consider the bigger picture. He responded: "All that doesn't matter. What counts is whether it's the right product." I realized then we had become lost in a maze of refracted personal perspectives, hopelessly separated from our original objective.

This is not about a product. It is about a process that begins to repair the damage we pay the debt from more than a decade of national neglect. This was never supposed to be easy. This is not another political paintbrush. It is long-overdue honesty — and it requires some courage.

Think again of the consequences of failure: investments in decline and almost zero job creation; new barriers from trade partners who doubt our resolve to change; no alternative but draconian meat-cleaver cuts for children, veterans and seniors. Bill Clinton has put his presidency and his political viability on the line. The American people voted for change and said they are ready to shoulder their share. Nearly every Democrat in Congress stands ready to base his or her re-election on taking the first steps back from the brink.

Today there are a handful of holdouts yet to decide. Fifteen years of looking to someone else, or some other day, have brought us to the precipice. A "no" vote will push us over.

The Washington Post

'Write Down as Much as You Can'

By Samuel Abt

PARIS — Once I spent a year in California, drinking margaritas, reading early feminist literature, watching baseball games in February, studying the history of Kenya during the Mau-Mau rebellion, discovering the charms of the hot tub and learning about American diplomacy in the clear air. Those opportunities, among others, were provided by a program now known as the John S. Knight Fellowships, at Stanford University. As a

former fellow, I am on the mailing list, which is why I received this letter. "For the class of 1990 this year's reunion was both painful and satisfying. Painful, because it brought back so acutely the loss of our colleague, Egon Scotland, killed while covering the war in the former Yugoslavia in July 1991. And satisfying, because at the reunion we were able to announce that the fellowship in ethnic and nationalist conflict we have been working to establish in Egon's honor will bring its first fellow to Stanford in the next academic year. So far, we have raised \$32,000, enough to fund a fellow's study for one quarter for each of the next three years."

MEANWHILE

Our hope is that this new fellowship will help give our profession more standards set by Egon Scotland. That is, professionals who cannot be duped by one side or another because they know the history, language and culture of the region they cover. "Our immediate goal is to raise enough money to fund the program through the end of the century."

For those former fellows, like me, who didn't know Mr. Scotland, a reporter for the Süddeutsche Zeitung in Munich, and even for those who did, the letter continued with a tribute to him from a classmate, Cole Campbell: "Walking around campus today, I remembered Egon — his ever present black vest, tousled hair and sly grin. I remembered him working on his master's thesis in the Student Machine Shop; debating Germany's future in the co-tenance rooms at the Hoover Institution; playing Christmas carols on the piano..."

"I talked to Egon once in the year after our fellowship — at 2 A.M. Munich time, when a half-dozen of us at a mini-reunion in Washington called him up. He was awake and ideas, imagination and action. He wielded a disciplined intellect; he studied Balkan history and Serbo-Croatian while at Stanford. He moved among the people he wrote about... He got to know the Kurdish refugees fleeing the Gulf War and the Serbs and Croats caught up in a civil holocaust. "He cared about his colleagues. At

the time he was killed he was out searching for a younger, less experienced colleague. He was killed July 26, 1991. He was 42. "At the time of his death, Egon was doing the best work of his career. "When he was found, there was in his pocket a photocopy of this poem in English, written by Slavko Bronzic of the town of Osijek."

To the Reporter

Write down as much as you can, my friend, but report to the world not only the number of the people who got killed, on the golden fields of Slavonia Because a number has no name and no stolen virtue. Report to the world it was Johann and William, and Victor and Francesca, and Gabriel and Gorgy who got killed, and that maybe tomorrow you will get killed, too. Write down as much as you can, my friend, but report to the world not only the number of all who got killed on the bleeding fields of Slavonia.

The tribute continued: "Thirty-six journalists have died covering this conflict. We want you to know that one of them was one of us..." International Herald Tribune.

LETTER TO THE EDITOR

Africa and the IMF: In Defense of Economic Correction

Regarding "To the World Bank and IMF: Africa Has Its Own Agenda" (Letters, July 1) from Hassan Sumnonu:

The writer, secretary-general of the Organization of African Trade Union Unity, suggests that World Bank and IMF-supported economic adjustment programs in Africa have increased African indebtedness and poverty. This assertion flies in the face of the evidence wherever these programs have been carried out in a sustained manner.

It also ignores the fact that the pace of progress achieved has varied across countries, depending on the nature and the severity of the pre-existing economic conditions, the effects at times of unfavorable external developments (such as worsening terms of trade and drought), and domestic political realities.

Mr. Sumnonu calls on the IMF and the World Bank to abandon their "anti-people and anti-development programs," accept the rights of all countries to formulate their own development plans, give to African governments sovereign authority over their economic policies, withdraw all experts from African central banks and finance ministries, and compensate African countries for the harm done them and

write off their debts. Such extreme views ought not to go unanswering.

IMF-supported macroeconomic and structural adjustment programs aim at helping countries attain higher growth, lower inflation and improved balance of payments and external debt positions. In most cases, the IMF is called upon for assistance when economic imbalances become very severe and growth has slackened, or even turned negative.

In assisting member countries to develop policies to restore economic health, the IMF, together with the World Bank, helping them direct public spending away from nonessential or unproductive uses, including excessive military and spending to social, infrastructural and other priority needs. It is only through successful stabilization of their economies and determined structural adjustments — to expand supply capacities — that countries will eventually generate resources to promote development and reduce poverty, strengthen debt-servicing capacities and withstand external shocks.

Because the IMF is fully aware that adjustment policies may have temporary adverse effects on some of the poor, it is helping countries design social safety nets and otherwise formulate targeted social

programs to assist the poor during periods of adjustment. It takes great care to tailor its macroeconomic policy advice to the individual needs and circumstances of each member country. At the request of several African member countries, the IMF has assigned a small number of resident representatives and technical experts in specific areas.

The IMF currently has committed more than \$4 billion under its concessional loan facilities to 30 African countries. IMF loans are drawn from a limited revolving pool of funds, and are made available temporarily to countries in balance of payments needs. If loans were written off, the pool would contract, with the risk of depriving other countries in need — many in Africa — of IMF financing.

I certainly share Mr. Sumnonu's disappointment at the slow and uneven pace of economic progress in Africa. While those countries with records of determined implementation of strong reform policies have shown progress on growth and inflation, there is indeed a long way to go. Far too many of the countries that have embarked on programs of economic correction have let them slip at the first hurdle.

MAMMOUDOU TOURE, Director, African Department, International Monetary Fund, Washington.



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LEISURE

In Search of Folly: Off-Beam Buildings

The Eccentric in Architecture

By Roderick Conway Morris
International Herald Tribune

LONDON — "You can't set out to build a folly," said Gwyn Headley, president of the Folly Fellowship. "A house, a school, a church, yes — but a folly? Never. Why? Because a folly is in the eye of the beholder — it's up to other people to decide whether a building is a folly or not."

Headley was speaking at the Folly Fellowship's headquarters on the top floor of a spacious Victorian house in a leafy corner of north London that commands a stunning panoramic view of the city. Headley, now 46, began taking a precocious interest in Britain's numerous eccentric and oddball minor buildings as a child, and later started roaming the country in his spare time in search of them. The eventual result was "Follies," a guidebook co-authored with another devotee, Wim Muelemkamp, and the founding five years ago of the Folly Fellowship — dedicated "to preserve and promote the enjoyment and awareness of follies, grotesques and garden buildings" — which now has 1,400 members scattered across the globe.

The Fellowship publishes a handsome, entertaining and suitably slightly off-beam quarterly magazine, runs an annual competition for measured drawings of follies and has built up an impressive photographic archive.

The 18th-century Grand Tour and the rise of landscape gardening, Headley said, gave an enormous boost to the construction of a plethora of strange and peculiar buildings on English country estates, many of them inspired by fanciful structures and grotesques encountered by travelers in Italy or glimpsed in the pastoral landscapes of contemporary painters. Indeed, the 37 garden buildings at Stowe, ranging from Greek temples to Gothic ruins, came to constitute a microcosmic Grand Tour that could be undertaken without even leaving the house's grounds.

"So, although we might regard them as

serious philosophical and architectural purpose in mind," said Headley. "Equally, many landowners built follies to relieve unemployment, simply to give their workers something to do in periods of slump."

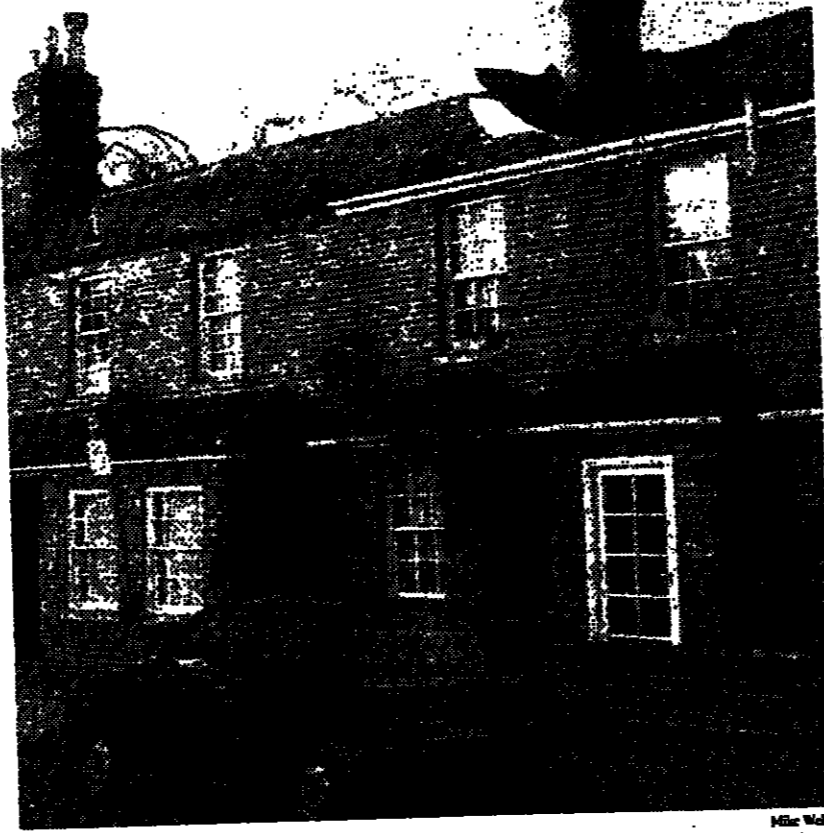
Others had totally dotty origins, such as Mad Jack Fuller's "Sugar Loaf" in East Sussex. "Fuller," said Headley, "was a man who couldn't abide being contradicted. One night he bet his dinner guests £100 that he could see Dullington church spire from his house. When he opened the curtains the following morning he discovered, of course, that he couldn't. So he immediately set about building a replica of the top of the spire on the intervening ridge." (This splenic autocrat had himself buried in pharaonic style, in a pyramid furnished with a roast chicken and a bottle of port.)

Less whimsical in its inspiration, but scarcely less bizarre in its execution, is Judge Peterson's Folly at Sway in the New Forest in Hampshire. This 13-story, 218-foot (66-meter) tower was put up by Peterson in the 1880s to investigate the possibilities of concrete as a building material.

Recently saved from ruin and converted into comfortable lodgings for guests, the tower is now billed as "the world's tallest Bed & Breakfast," and is, in fact, for sale for a million guineas (not pounds, a dull denomination generally eschewed by Folly folk).

Folly buildings have often proved ruinously additive to those infected by the bug, as William Beckford, author of the 18th-century gothic novel "Vathek" and builder of the fantastic Fonthill Abbey in Wiltshire confessed with melancholy self-knowledge: "Some people drink to forget their unhappiness. I do not drink. I build."

More compulsive still, said Headley (who is currently working on a new book on American follies), was Sarah Winchester, heiress to the Winchester rifle fortune, who, convinced that she would expire the moment her house in San Jose, California was completed, went on adding to it obsessively for nearly 30 years



One man's castle, unloved by the city council, in Headington, England.

(construction ceasing only on the morning of her death.)

Nor does the desire to create limatic structures show any signs of abating. Bill Heine, a cinema owner in the Oxford suburb of Headington, for example, decided to enliven his modest terraced house by adding a gigantic killer shark crashing vertically through the roof and — and with local support and a vigorous campaign staged by the Folly Fellowship has

managed to fight off the city council's demands that he remove the offending fish.

Membership inquiries: The Folly Fellowship, 21 Beacon Road, Hertfordshire SG12 7HY, tel: 081 348 1234, fax: 081 341 0748.

Roderick Conway Morris is based in Venice and writes for The Spectator and The New York Times.

Great Jam Sessions Past and Present

By Mike Zwerin
International Herald Tribune

NICE — In case you hadn't noticed, jam sessions are back. The renaissance can be traced back to the late '70s, when a teenage Wynton Marsalis began to re-examine ignored traditions. It was no longer "square" to play "St. Louis Blues" and "Take the 'A' Train."

At more or less the same time, the exploding number of jazz festivals began to book bus loads of musicians, many from different places and styles who did not know each other, into the same hotels. There was nothing to do after midnight. Presto! Piano bars were converted into after-hours joints.

Last month, there was a good opportunity to observe it all in Nice during the Grande Parade du Jazz. If I were a party-pooper, I could complain — I did, I was called a "party-pooper" — about other musicians being charged \$10 for a Diet Pepsi to listen to colleagues play for free. There was no shortage of players, horns unsheathed, waiting for their turn. Imagine a metier where professionals line up for the privilege to give away the same item they sold two hours earlier for the highest price they could negotiate.

The verb "to jam" originated in the '30s and implies a large number of musicians who do not normally play together jammed in a room to improvise on standard themes and chord structures without arrangements, sometimes for a select audience.

Youngsters and big-fish-in-small-ponds vie for the opportunity to prove they could hold their own with world-class veterans. The competitive angle is there, the pressure to play well, to challenge or protect the "title," but mostly jam sessions embody remarkable camaraderie. Everybody is eager to share their knowledge and experience.

The "cutting contest," an offshoot, has been compared to a tribal initiation rite. They were duels, jousts. The Battle of the Bands. The drummer Jo Jones threw a cymbal at Charlie Parker's feet during a cutting contest, suggesting the kid wasn't ready yet. They were like scenes from "The Hustler."

Jam sessions never lost their popularity in Eastern Europe, where it was a political statement just to get together to do it. After a concert by Woody Herman's Herd at the Warsaw Jazz Festival in the late '70s, the Aquarium Club bandstand was awash with players wanting to fly the Polish Jazz flag, while The Herd needed to blow off steam after reading arrangements all night long for months. This led to another interpretation of the name, a traffic-jam — say, 12 horns all wanting to play 12 choruses.

Herman's two tenors Frank Tiberti and Joe Lovano were proud to be successors to Woody's "Four Brothers" mystique, which had begun with Stan Getz and Zoot Sims. All of a sudden, Tiberti shouted: "Giant Steps" one, two, onetwothreefour, and they tore into this chops-busting breakneck Coltrane tune. They were soon alone with the rhythm section.

At first, jam sessions were based on common denominator material everybody knew. Duke Ellington wrote "C-Jam Blues" which consists of two notes, sol and do, and means literally a jam on the bines in the key of C. Although Wynton is happy to play welcoming material, he is also capable of launching into Charlie Parker's fiendish "Donna Lee" without asking if anybody knows it, which he did at 3 A.M. in Nice.

THANKS to jazz schools, such virtuoso vehicles no longer necessarily scare everybody off. You are expected to know them or you have no business being up on the stand. Five guys stepped on "Donna Lee" without losing a 32d note. Being sensitive and aware of the tradition, Wynton played three choruses and stepped aside. The saxophone player following him, however — the same kind of guy who flashes his lights on autoretinas telegraphing you at 170's an hour — played 15. (Pity the poor brass player.)

Another night, Frank Foster, who leads the Count Basie Band, began Duke Ellington's "In a Sentimental Mood," informing rather than asking other jammers. Jamming is a test of will as well as musicianship. The real power lies in controlling the agenda. The first person to think of a tune to play is most likely to play something he or she is comfortable with. Make everybody else as comfortable as possible on your own terms. Otherwise, a comp d'estat is lurking somewhere around the next bridge.

So we leave George Benson, Chaka Khan, Wynton and Delfayo Marsalis, Frank Foster and the others playing their hearts out for the joy of it. A good jam was had by all.

THE MOVIE GUIDE

Rising Sun

Directed by Philip Kaufman.

U.S.

The opening sequence of "Rising Sun," Philip Kaufman's glitzy adaptation of Michael Crichton's mystery novel, establishes the movie's tone, method and manner. There is a series of grainy, definitely not high-definition television images from a sing-along music video: shots of wide-open Western spaces and, at the bottom of the screen, looking like subtitles, the lyrics of "Don't Fence Me In." The camera pulls back to reveal a youngish Japanese man standing in a third-rate nightclub. The man pours his drunken voice and heart into a hand mike. It is dawn but not in Osaka or Tokyo. It's somewhere on the edge of Los Angeles, a Los Angeles that Crichton describes in his novel as "a shadow world," a world occupied by faceless Japanese businessmen and their yakuza gangster associates. This is a somewhat remodeled, though

no less xenophobic remains of Crichton's wake-up call to America. The film tries to sound the same alarm, but without giving offense. Yet the onscreen "Rising Sun" remains inoffensively smug. It still offends.

(Vincent Canby, NYT)

So I Married an Axe Murderer

Directed by Thomas Schlamme.

U.S.

The translation of a television performer's stardom to the big screen is a tricky business, but Mike Myers pulls it off in "So I Married an Axe Murderer" by presenting himself as amiable good company. Myers plays a San Francisco writer named Charlie who, it seems, has a problem with women. Charlie eventually comes to believe that all of his girlfriends are flawed in some fundamental way. His initial courtship of Harriet (Nancy Travis), whom he spies working as a butcher in a shop,

goes swimmingly. But Charlie's mother has put the idea in his head that there is a young woman on the loose whose modicum of operandi is to marry innocent men and then murder them on their honeymoon. And when Charlie discovers that Harriet's past overlaps with the killer's, he becomes convinced that she is the axe murderer. In the end, it becomes rather tedious watching the filmmakers go through the motions of framing Harriet for crimes that we know she didn't commit.

(Hal Hinson, WP)

Tokyo Decadence

Directed by Ryu Murakami.

Japan.

It is sadly appropriate that the message of Ryu Murakami's film "Tokyo Decadence" should be voiced by a professional dominatrix. Saki (Sayoko Amano), an experienced prostitute, explains to Ai (Miho Nikaïdo), a relative novice to the

profession, the reason so many Japanese businessmen are masochists. They may have wealth, she asserts, but it is "wealth without pride." The equation of sexual humiliation with a lack of self-respect is the grotesquely overstated premise that drives the movie, which Murakami adapted from his novel "Topaz." The film follows in graphic detail the professional assignations of Ai, a Tokyo call girl who works for an agency that specializes in sadomasochism. If "Tokyo Decadence" weren't such a grim film, it might be confused with soft-core pornography. The film makes it clear that Ai's clients are all wealthy businessmen whose erotic fantasies are related to the cruelty and outthroat competitiveness of the workplace. "Tokyo Decadence" is much better at evoking a creepy urban sophistication than at revealing character or telling a story.

(Stephen Holden, NYT)



Wesley Snipes, left, and Sean Connery star in "Rising Sun."

THE MYTH OF MALE POWER: Why Men Are the Disposable Sex

By Warren Farrell. 446 pages. \$23. Simon & Schuster.

Reviewed by Camille Paglia

WARREN Farrell, author of "The Liberated Man" and "Why Men Are the Way They Are," served for three years on the board of directors of the National Organization for Women in New York City. In his latest book, "The Myth of Male Power," he describes how his career as one of "America's Sensitive New Age Men" skyrocketed when he endorsed the standard feminist view of women as "enlightened" and of men as "Neanderthals." He received standing ovations, lecture invitations, financial rewards, and his position evolved toward one more sympathetic to men, the applause died and the money began to dry up. Reviewing tapes from his workshops and personal appearances, Farrell was troubled by his earlier double standard: "When women criticized men, I called it 'insight,' 'assertiveness,' 'women's liberation,' 'independence,' or 'high self-esteem.' When men criticized women, I called it 'sexism,' 'male chauvinism,' 'defensiveness,' 'rationalizing,' and 'backlash' . . . Soon the men were no longer expressing their feelings. Then I criticized the men for not expressing their feelings!"

"The Myth of Male Power" is a quirky book, part confession, part polemic. Its organization, consisting of short passages with blazing headlines and overabundant boldface type, is somewhat awkward, choppy, and repetitious. Systematic argumentation is scant, and there is sometimes a questionable selectiveness of credibility about historical sources, both present and past.

But Farrell's vices as a writer are also his virtues. His gruff, blunt manner breaks through the decorative white, middle-class conventions and victim-obsessed sentimentality that have paralyzed establishment feminism in recent years. "The Myth of Male Power" is a bombshell. It attacks the unexamined assumptions of feminist discourse with shocking candor and forces us to see our everyday world from a fresh perspective.

WARREN FARRELL

Farrell feels that feminism's primary objective as a political movement — equal protection under the law, as guaranteed by the Fourteenth Amendment — has been lost in the "anti-male sexism" of affirmative action programs and other preferential regulations and grievance procedures that guarantee special protections to women and thus ironically perpetuate the pernicious old stereotype of "woman as child." The idea, far from opposing and obstructing feminism, has pandered to feminist pressure groups and indulged in "a century of male bashing."

In brutal, grisly language, Farrell dramatizes the carnage of "male-killing" throughout history — the one million men, for example, slain or maimed at the Battle of the Somme in World War I. Men are not, he insists, the powerful sex but "the silent sex" and "the suicide sex." They are "disposable," dispensable slaves to higher powers. Men have sacrificed and supplied themselves physically and emotionally to feed, house, and protect women and children. None of their pain or achievement is registered in feminist rhetoric, which portrays men as oppressors and exploiters.

Again and again, Farrell demonstrates that, for all the official talk about desiring equality, the overwhelming majority of contemporary women continue to avoid hazardous, dirty, low-prestige jobs that men take in order to earn a higher income for their families.

and raw inelegance, the book is filled with stunning insights and haunting aphorisms.

Farrell is one of many voices urging a critique and reform of current feminism in order to strengthen it for the 21st century. Equality means not just "equal options" but "equal obligations," a rejection of the passive role of perpetual victim. Government must not become modern woman's "substitute husband." Farrell calls for an end to the blame game and a new stress on personal responsibility, social maturity, and self-enlightenment.

Camille Paglia, professor of humanities at the University of the Arts in Philadelphia, is the author of "Sexual Personae" and "Sex, Art, and American Culture." She wrote this for The Washington Post.

BOOKS

THE MYTH OF MALE POWER

"The Myth of Male Power" is a muckraking exposé for the '90s. It uncovers an unsettling pattern of collusion between government-funded commissions on women and a coterie of feminist leaders and career consultants who claim to speak for all women.

In the largest sense, Farrell sees contemporary gender problems as flowing from our historical transition from an epoch ("Stage I") where survival was the basic issue to one ("Stage II") where communication and cooperation, rather than competition, are required.

"The Myth of Male Power" is the kind of original, abrasive, heretical text that is desperately needed to restore fairness and balance to the present ideology-sodden curriculum of women's studies courses. Despite its technical flaws

WHAT THEY'RE READING

• Pasquell Maragall, the mayor of Barcelona, is reading the Spanish translation of "Exiles" by James Joyce and "Earth in the Balance" by Albert Gore.

• He chose the first because of my interest in Ireland and Dublin after the president of Ireland's visit to Barcelona, the second to try to find out the real commitment of the White House on this fundamental issue." (Al Goodman, IHT)

BRIDGE

By Alan Truscott

10 xx or Q 10 x x in the suit.

So West played a "safe" club at the second trick and was horrified to see South discard a spade, draw trumps and discard all his remaining spades on dummy's hearts.

In a low-level game, one would assume that South had miscalculated the ace. But Russ was, he says, trying a deliberate experiment with little to lose.

"It was the next-to-last hand in the qualifying weekend," he said, "and I was playing for the cap-tray in that we were certain qualifiers. It was a good pair, and I was reasonably certain that if the ace were not in the same hand, they would have difficulty believing that I would deliberately bid a slam off two cashing aces."

East and West were vulnerable. The bidding:

South	West	North	East
1♣	1♥	2♠	2♠
3♣	3♥	4♠	4♠
5♣	5♥	6♠	6♠

West led the club ace.

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GE	25.00	+0.08
GM	15.00	+0.05
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Continued on Page 14

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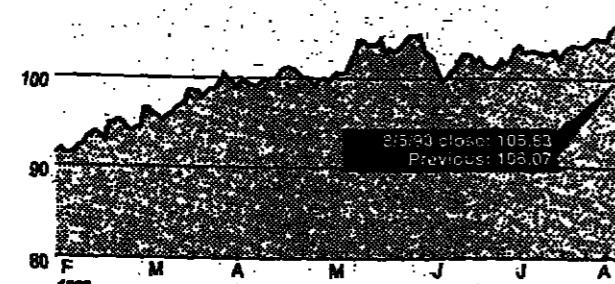
Brain Aims To Wash Perils

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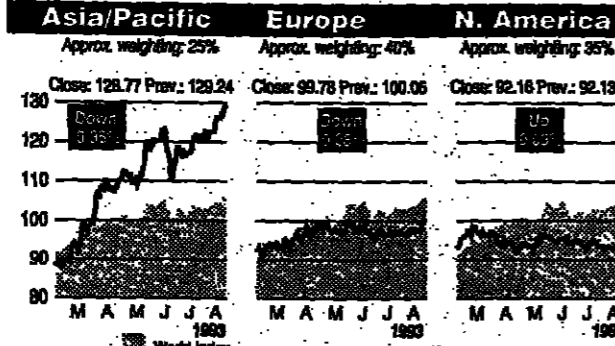


Table with 4 columns: Sector, Index, Prev., Change. Rows include Energy, Utilities, Finance, Services, Industrial Goods, Consumer Goods, and Miscellaneous.

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Gold Falls \$23 as Asians Sell

Disappointment Over European Rates Feeds Drop. NEW YORK — Gold prices plunged almost \$23 an ounce on Thursday, the largest one-day loss in more than seven years.

The price of an ounce of gold for December delivery on the Commodity Exchange in New York tumbled nearly 6 percent from Wednesday's close, to \$380.70, down \$22.60.

Last Friday, the metal hit \$411.30 an ounce, its highest point since the start of the Gulf War, as investors sought a haven from Europe's currency crisis.

Gold has soared 19 percent since Jan. 1 on concerns about a revival of inflation in industrialized nations; increasing demand from growing Asian economies and dwindling supply.

Thursday's sell-off started in London as Australian producers sold metals to benefit from recent high prices, while Chinese investors also increased sales.

Gold's tumble accelerated in New York as commodity funds, which buy and sell based on price moves, abandoned the metal.

Silver also fell, dropping about 9 percent to \$4.77 an ounce, on the Comex spot market in New York.

"The Chinese sold an estimated six to 10 tons of gold overnight," said Bill O'Neill at Merrill Lynch.

Traders said that Chinese citizens had been buying gold by the ton in hopes of hedging their savings against double-digit inflation.

In addition, dealers and analysts said that U.S. commodity funds were taking profits on their gold futures and options holdings and would continue to do so until European countries cut interest rates, a move expected to sharply boost the gold price.

Gold prices rose 4 percent in two days last week, as traders fled tension in Europe's currency market.

The analysts also said floor traders, commission houses and investors began taking profits on gold Monday as tensions within the exchange-rate mechanism of the European Monetary Union began to ease following the widening of ERM bands to 15 percent.

The funds, which had remained long in gold, only joined in the profit-taking bout late Wednesday, the dealers and analysts said.

"There's calm in the currency markets," said Scott Meyers, commodity analyst with Redell Trading in New York. That takes away the reason to drive gold prices higher, he said.

Analysts said prices could continue to fall. The head of marketing at Credit Suisse, Ian MacDonald, said the gold market was in a consolidation mode, "and is likely to continue like this for a few weeks, until the Europeans finally cut rates, whereupon it is likely to jump." (Bloomberg, AP, Reuters)

Grid's Loss Is U.S. Gain

Economic Boost Would Help America

By Sylvia Nasar. WASHINGTON — Official Washington hardly wishes to be seen celebrating a difficult and embarrassing moment for European leaders, but quietly, many on this side of the Atlantic acknowledge that the collapse of the European Community's currency grid may turn out to be a blessing for the United States.

"It defused tensions that drove interest rates up in Europe," David W. Mullins Jr., vice chairman of the Federal Reserve Board, said of last weekend's decision. "Better economic conditions in Europe are positive for the U.S. and positive for the climate on trade, including the chances for reducing protectionist sentiment."

There is always the risk that rancor over the breaking of Europe's march toward a single currency could do wide damage, undermining global trade negotiations. But government officials, economists and executives in America are focusing on the economic and political prospects for reviving growth in recession-ridden countries.

Sir Alan Walters, an adviser to former Prime Minister Margaret Thatcher and now vice chairman of AIG Trading Corp., a subsidiary of the international insurance company, put it bluntly: "Europe now has a chance of coming out of its deep slump. If it's good for Europe, so it's good for the U.S. economy."

Executives of U.S. companies with operations in Europe talk of the prospect of many nations reducing interest rates, which could revive moribund economies and sales.

"This will help Thermo Electron," said John N. Hatsopoulos, chief financial officer of that instrument-making corporation, which is based in Massachusetts. "The fact that they'll be able to cut their rates is going to be a lot of help."

Such optimism increased after the Bundesbank, which touched off the crisis by failing to lower its discount rate last week, reduced its repurchase rates twice this week. The discount rate forms a floor for the German money market, but the repo rate is used to indicate exactly where the central bank thinks they should be. Both are charged on loans to banks that must post government securities as collateral.

Instead of forcing them out of line with individual nations' economic conditions, said executives, might lead to less volatility.

For the United States, which has been hampered by a sluggish, stop-and-go economic recovery, lower interest rates and the possibility of growth in other countries is welcome indeed. Officials expect a mild increase in American exports to Europe as the recession there fades.

But economists and executives also said the recent French-German tension could make it hard for the United States to get cooperation on international undertakings such as the world trade treaty being negotiated in the seven-year-long Uruguay Round of the General Agreement on

See BLESSING, Page 13

Currency Crisis Nearly Drained France's Coffers

PARIS — France all but ran out of cash in its failed effort last week to defend the franc's value in the European Monetary System.

Calculations based on figures released Thursday by the Bank of France showed that France's official foreign-currency reserves had fallen to the equivalent of just 12 billion francs (\$2.03 billion) by July 29, after it had spent 100 billion francs in five days to try to prop up the franc.

Paris-Match magazine reported that Prime Minister Edouard Balladur, in a final bid to protect the franc's value against the Deutsche mark, spoke to Chancellor Helmut Kohl of Germany on the night of July 29 to arrange a secret visit to Bonn the next day by Finance Minister Theo Waigel and Hans Tietmeyer, vice president of the Bundesbank.

Earlier that day, the German central bank had refused to reduce its discount rate, the rate at which it lends to commercial banks, despite pressure from France and other European Community members for it to do so.

That refusal set the currency market to betting that France would not be able to maintain the franc at its former rate against the mark. The French government and others bought francs to support the currency's value and to try to prove the market wrong.

But in spite of the efforts of French, German and other officials, and in the face of massive currency-market pressure, EC finance ministers met in Brussels

over the weekend and drastically loosened the bands that had bound the franc and other currencies to the mark.

Their agreement allowed the franc, along with the Belgian-Luxembourg franc, Danish krona, Irish punt, Spanish peseta and Portuguese escudo, to fluctuate within 15 percent of a fixed "central" rate against the mark and the Dutch guilder. Previously, the two francs, punt and krona were only allowed a range of 2.25 percent above or below the central rate.

The report in Paris-Match said Mr. Waigel and Mr. Tietmeyer arrived secretly at an air base near Paris last Friday and spent two hours at the Finance Ministry.

Finance Minister Edouard Balladur and the Bank of France's governor, Jacques de Larosière, tried to persuade them to take the mark temporarily out of the Community's exchange-rate mechanism to ease pressure on other currencies, the magazine said. The Germans backed the idea, but Belgium blocked it in talks over the weekend.

Mr. Balladur's office, the German Embassy in Bonn and the Finance Ministry in Bonn all declined to comment on the Paris-Match report.

But official data showed that up to July 29, the Bank of France had spent more than 140 billion francs on currency-market intervention.

Much of what it spent would have been borrowed, most likely from the German central bank. France did just that in two other

See FRANCE, Page 12

WALL STREET WATCH

ADR Market's Expansion Could Bring Lower Prices

By Susan Antilla. NEW YORK — They're in the headlines, and they're hot. And like every other fashion rage, they can also cost a bundle.

But fees attached to international stocks traded as American depositary receipts might actually be coming down — if a new entrant in the ADR business can generate a little competitive price-cutting.

American depositary receipts are certificates for stocks from other countries that might otherwise be impossible for American investors to buy. Traded on the stock exchanges, on the Nasdaq system and on the over-the-counter market's "pink sheets" of small stocks, they offer easy entry into markets around the world for investors who don't have hundreds of thousands of dollars to put into a stock.

A broker in the United States can, with relative ease, call a trading desk with a small order of ADRs and settle the trade in five days.

But all that convenience comes at a price. "The ADR market is dominated by a trio of New York banks, and they gouge you on price," said Vivian Lewis, editor of Global Investing, a New York newsletter. The Bank of New York, Citibank and J.P. Morgan are "essentially a cartel" in the business, she said.

But now, the trio is being joined by Morgan Stanley Group, which filed requests this spring to offer ADRs for Deutsche Bank and Siemens AG, followed in late June by a filing to sponsor certificates of Body Shop, a British-based retailer of skin and hair-care products.

Nicholas Didier, who runs Morgan Stanley's new depositary-services unit, asserted that Morgan Stanley was a "quality player," as opposed to a price-cutter.

Ms. Lewis, though, evaluates the impact of Morgan Stanley's entry differently. "Now we'll see some competition in this business," she said.

As examples of the current fees, Ms. Lewis said, Citibank kept 18.5 percent of a dividend payment from Ashton Mining, an Australian mining company, and Bank of New York charged 10 percent to convert that baht to dollars on another recent dividend distribution.

A Citibank spokeswoman said the firm was simply covering its fixed costs on a small dividend. The percentage taken by the bank is smaller when larger dividends are declared, she said.

Kenneth A. Lopian, head of ADR services at Bank of New York, said he was not familiar with the details of the dividend payment. See ADRs, Page 14

Big Steel Fights Tariff Ruling

By Keith Bradsher. WASHINGTON — American steelmakers, stunned by a federal commission's ruling last week that eliminated many tariffs on imported steel and knocked \$1.1 billion off the value of their stocks in 90 minutes of trading, began a broad campaign this week to reverse the decision.

Led by major companies such as Bethlehem Steel Corp., LTV Corp. and USX Corp., the American steel industry is putting pressure on Congress, the White House and the International Trade Commission.

It wants the commission to vote again on its tariff decisions; is asking the White House to replace a commissioner who voted against the steelmakers, and is urging Congress to review the rulings. Lawyers for the industry are preparing to appeal to the Court of International Trade, a federal court in New York.

A dozen American steel companies filed a petition this week with the International Trade Commission, asking that independent governmental body to vote again Monday because the companies' stocks had tumbled so dramatically.

On July 27, the commission ruled that in 42 of 72 cases before it, the steel industry had not been harmed by imports and therefore was not entitled to continued protection from a broad range of imported steel used for construction and machinery.

Citing their slumping stock prices, the steelmakers contended in their petition that "the dramatic behavior" of investors on whom the industry depended confirmed "the injurious effects of unfairly traded hot-rolled and cold-rolled imports."

Bethlehem Steel's shares, which closed at \$18.63 the day before the ruling, ended at \$13.625 Thursday in New York. LTV was at \$11.75, down from \$14.50 on July 26, and USX's U.S. Steel Group was at \$28, compared with \$36.50.

Paula Stern, a former chairwoman of the commission who now advises American manufacturing companies that rely on imported steel, said that no industry in the commission's 77-year history had ever before sought such a reconsideration.

Current commission members declined to comment pending a review of the industry's petition.

In response to the industry's campaign, 60 members of the House of Representatives sent a letter this week to President Bill Clinton requesting a meeting with him and asking that he immediately replace Anne E. Bruntsdale, the commissioner who cast the deciding vote in 11 of the 42 cases that the industry lost.

Her nine-year term expired June 16, but the law specifies that a commissioner may serve until a replacement has been nominated by the president and confirmed by the Senate.

The steel industry is likely to refile its cases once a new commissioner has been named, said Alan W. Wolf, a former deputy U.S. trade representative who is advising the domestic steel industry. Because of the change in the composition of the six-member commission, such a refile would then be treated as a new case, rather than a reconsideration of an old one.

A White House official, who spoke on condition of anonymity, said that the administration had taken no position on the tariff ruling and that it did plan to nominate a successor for Ms. Bruntsdale soon.

Michelle Galanter Appelbaum, a steel analyst for Salomon Brothers, said the American steel industry would be in trouble if the rulings were not overturned.

U.S. Job Market Remains Weak

WASHINGTON — U.S. factory orders rebounded in June after three consecutive declines, the government reported Thursday, while applications for unemployment benefits showed the largest drop in a year.

But analysts cautioned that neither report indicated that the job market was strengthening.

Orders rose 2.6 percent to a seasonally adjusted \$254.8 billion, the best showing since December, but much of the gain was concentrated in the volatile aircraft industry, the Commerce Department said. Manufacturing has been one of the economy's weak spots this year, in part because consumer demand has

been spotty and in part because downturns abroad have led to fewer orders for U.S. goods.

Economists, noting low business investment and advances in auto sales this summer, said they expected an improvement. But they cautioned that productivity-minded companies would continue to show reluctance to hire.

The Labor Department said the number of Americans filing first-time claims for jobless benefits fell sharply last week — by 60,000 to 336,000 — even though more flood victims showed up at unemployment offices.

It was the biggest one-week improvement in a year but it followed a week in which claims had ballooned temporarily because of a two-week retooling shutdown at General Motors Corp. plants.

A key barometer of future factory employment worsened in June. The backlog of unfilled orders decreased 0.8 percent to a seasonally adjusted \$458.3 billion, the lowest level since September 1988. It was the fourth consecutive drop.

In other economic news Thursday, major retailing chains reported generally disappointing sales in July. Some retailers had sizable gains but others saw business stagnate or even decline.

(AP, Bloomberg)

VW Seeks To Defuse GM Feud

FRANKFURT — A meeting hastily scheduled for Friday for Volkswagen AG's supervisory board looks set to take action to limit the damage done by four months of squabbling over what is known as the Lopez affair.

Sources close to the company said Thursday the session was likely to set up a management board post for public affairs.

But they said the board would support Jose Ignacio Lopez de Arriortua, who has been accused of industrial espionage in connection with his recent move to VW from General Motors Corp.

VW's stock price rose 3.7 percent Thursday.

Philips Profit Surged 48% in 2d Quarter

healthy financial position without an issue of new shares," said Joost van Beek, an analyst with Meeus Pierson.

Revenue for the second quarter fell 1.3 percent, to 13.49 billion guilders, and the company cited bad exchange rates.

Dudley Eastace, Philips' finance director, warned that business conditions were still tight, particularly in Europe.

Losses on consumer electronics continued to drain operating income but these losses shrank to 150 million guilders in the first half from 177 million a year earlier.

"When will the turnaround come? I think in the second half of next year rather than something that's going to happen at Christmas," Mr. Eastace said.

In the meantime, Philips will continue to tighten its belt. Mr. Eastace said Philips was likely to have cut a total of 10,000 to 15,000 jobs in the course of this year. (Reuters, AP, Bloomberg)

CURRENCY & INTEREST RATES

Table with multiple columns: Cross Rates, Eurocurrency Deposits, Key Money Rates, and Gold. Includes various exchange rates and interest rates for different currencies and markets.

Advertisement for Blancpain watches. Features an image of a watch and text: 'IB 1735 BLANCPAIN. SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE. LUIGI VERGA S.A. DI VALERIO VERGA & C. - OROLOGERIA. Via Dogana, 3 - 20123 Milano (tel/fax Via Mazzini) Tel 02/8056521 - CF e P IVA 04370140565'.

MARKET DIARY

Economic Outlook Pressures Stocks

NEW YORK — Worries about the economy pressured stock prices on Thursday while giving a boost to the bond market. "The economy is sluggish, and there is no reason to think this trend is going to change," said Dick Adler, head of the investment committee of Eagle Asset Management. The Dow Jones industrial average lost 3.08 points, falling to 3,548.97, while declining issues on the New York Stock Exchange outnumbered advances by an 10-7 ratio. For the second straight day, over-the-counter stocks advanced, despite falling prices on the New York and American exchanges, with the Nasdaq composite index up 1.71 points, to a record 715.50. While the stock market was sedate, bonds rallied. The bellwether issue, the 30-year Treasury, rose 13/32, to 107 28/32, reducing its yield to 6.52 percent from 6.55 percent on Wednesday. One impetus for the rise in bonds was that President Bill Clinton's deficit-cutting budget package is expected to pass Congress this week. By trimming the deficit \$496 billion over five years, the plan would directly aid bond prices by reducing the government's borrowing needs. It would indirectly help bonds by hurting stocks, however, by depressing economic growth through its mix of tax increases and spending cuts.

N.Y. Stocks

Motor Coach Industries, spun off from Dial Corp., followed, falling to 12 1/4 on its \$13 offering price. Dial rose 1/4 to 3 3/4. Sunshine Mining was third, down 1/4 to 2 1/4, and Echo Boy Mines was the most active American Stock Exchange issue, down 1/2 to 12 in reaction to the slide in precious metals. Major airlines were lower on the Big Board, following a late Wednesday announcement that Delta Air Lines cut its fall domestic fares up to 35 percent. Delta dropped 1/4 to 49 1/2, AMR lost 1 1/2 to 6 1/4, and UAL slid 1/4 to 142. The Dow transportation average was down 19.88, to 1,592.87.

Intel was the most-active over-the-counter issue, up 1/4 to 55 1/4. It settled a patent suit with Cyrix Corp., which rose 2 1/2 to 28 1/4. Microsoft followed up 1/4 to 74 1/4. It said it created a prototype operating system for interactive television. (UPI, Bloomberg, Knight-Ridder, AP)

FRANC: Paris's Reserves Depleted

Continued from Page 11 currency crises in the past 12 months, in which it spent about 160 billion francs. Dealers said Thursday that the Bank of France had started rebuilding its reserves, a process that involves selling francs. So far, though, it has declined to take advantage of its relative freedom from exchange-rate constraints to cut interest rates — a move that could help battle its rising unemployment rate.

Analysts say the bank is holding money to buffer the franc against its own sales of the currency and keep alive the idea of franc-mark "convergence," a central plank of French economic policy. Some speculated that it may also be holding back so as not to further enrich currency traders, who had borrowed heavily to bet on a devaluation of the franc.

France held its key interest rate steady Thursday, refusing to use the freedom gained from the virtual float of the franc against the mark to ease credit.

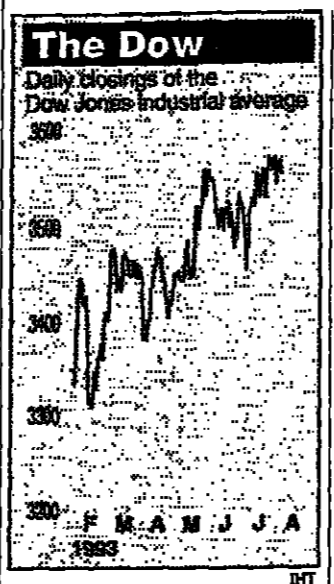
At a securities-repurchase tender, the Bank of France lent funds to commercial banks at an unchanged rate of 6.75 percent. The lack of rate cuts so far has helped the franc recover from its initial 2.5 percent slump against the mark and move closer to its former float of 3.4305 francs to the mark. It ended Thursday in Europe at 3.4670 to the mark.

Mark-Buying Halts Dollar The dollar was slightly higher against most European currencies Thursday, news agencies reported from New York. The currency was weaker against the yen. The dollar reportedly fell back when European central banks began selling dollars for marks, to recover mark reserves used up during last week's currency turmoil.

Traders said the market continued to look toward Friday's report on U.S. employment in July for its next reading on the health of the economy and the future course of the dollar.

The dollar rose to 1.7117 DM from 1.7068 DM Wednesday, to 1.5068 Swiss francs from 1.5037 and to 5.9358 French francs from 5.9123. It fell to 104.20 yen from 104.82 yen.

(AFX, Knight-Ridder, Reuters)



Daily business of the Dow Jones Industrial Average

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks including American Express, Sunbeam, Sunoco, etc.

Table with columns: Vol., High, Low, Last, Chg. for AMEX Most Active stocks including Echoboy, Borgco, etc.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Diary stocks including American Express, Sunbeam, etc.

Table with columns: Vol., High, Low, Last, Chg. for Amex Diary stocks including Echoboy, Borgco, etc.

Table with columns: Vol., High, Low, Last, Chg. for NASDAQ Diary stocks including American Express, Sunbeam, etc.

Dow Jones Averages

Table with columns: Index, Open, High, Low, Last, Chg. for Dow Jones Industrial Average, S&P 500, etc.

Standard & Poor's Indexes

Table with columns: Index, High, Low, Close, Chg. for S&P 500, S&P 400, etc.

NYSE Indexes

Table with columns: Index, High, Low, Close, Chg. for NYSE Composite, NYSE Industrials, etc.

NASDAQ Indexes

Table with columns: Index, High, Low, Close, Chg. for NASDAQ Composite, NASDAQ Industrials, etc.

AMEX Stock Index

Table with columns: Index, High, Low, Close, Chg. for AMEX Composite, AMEX Industrials, etc.

Dow Jones Bond Averages

Table with columns: Index, High, Low, Last, Chg. for 30 Year, 10 Year, etc.

Market Sales

Table with columns: Index, Buy, Sell, Volume for NYSE, AMEX, NASDAQ, etc.

N.Y.S.E. Odd-Lot Trading

Table with columns: Index, Buy, Sell, Volume for NYSE Odd-Lot Trading.

S&P 100 Index Options

Table with columns: Index, Buy, Sell, Volume for S&P 100 Index Options.

EUROPEAN FUTURES

Table with columns: Index, High, Low, Last, Chg. for European Futures.

Food

Table with columns: Index, High, Low, Last, Chg. for Food futures.

Metals

Table with columns: Index, High, Low, Last, Chg. for Metals futures.

Financial

Table with columns: Index, High, Low, Last, Chg. for Financial futures.

Industrials

Table with columns: Index, High, Low, Last, Chg. for Industrials futures.

Livestock

Table with columns: Index, High, Low, Last, Chg. for Livestock futures.

Grains

Table with columns: Index, High, Low, Last, Chg. for Grains futures.

Oil

Table with columns: Index, High, Low, Last, Chg. for Oil futures.

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U.S. FUTURES

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Grains

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Northwest Air and Airbus in Accord

MINNEAPOLIS (AP) — Northwest Airlines has cleared up a dispute with Airbus Industrie and got over another hurdle on the road toward rescheduling \$1.5 billion in debt payments. A dispute between Northwest's banks and the European consortium had jeopardized the rescheduling and threatened to unravel an agreement between Northwest and its unions. But an Airbus spokeswoman, Sandy Smith, disclosed that the dispute had been resolved Tuesday night. She declined to elaborate. A bond-market analyst, Phil Brannon of Mabon Securities, said the dispute involved collateral for an Airbus loan.

W.R. Grace Confirms 'Import Alert'

NEW YORK (Knight-Ridder) — W.R. Grace & Co. confirmed Thursday that the Food and Drug Administration during the second quarter issued "import alerts" for hemodialysis bloodlines manufactured at its National Medical Care plant in Reynosa, Mexico, and hemodialyzers made in its Dublin facility. Products subject to FDA import alerts may not enter the United States until the FDA approves the facilities' quality-assurance systems. Grace said it was "working with the FDA on a plan to partially lift the restrictions on bloodline imports in the very near future."

Automakers in Supercomputer Pact

TRAVERSE CITY, Michigan (Bloomberg) — General Motors Corp., Ford Motor Co. and Chrysler Corp. have signed research agreements to jointly develop supercomputers and high-weight metals under the auspices of the U.S. Council for Automotive Research. The agreement involves the development of high-performance parallel computer systems to create a "clear competitive advantage" for the United States in automotive applications, said Don Walkowicz, executive director of the council, at a business conference sponsored by the University of Michigan.

Arthur Andersen Settles Thrift Cases

WASHINGTON (Bloomberg) — The accounting firm Arthur Andersen & Co. has reached separate settlements with two government agencies over its audits of failed savings-and-loan associations. Arthur Andersen paid the Resolution Trust Corp. \$65 million to settle allegations that it was negligent in its audits of four failed thrifts. The firm agreed to pay an additional \$14 million in an amendment of an earlier settlement involving failed Lincoln Savings & Loan Association.

Brown Assails Export-Control Pacts

WASHINGTON (Knight-Ridder) — Export controls dating from the Cold War have become "a major impediment to doing business" and should be relaxed as much as possible, Commerce Secretary Ronald H. Brown said Thursday. He told a House of Representatives subcommittee on economic policy and trade that such controls were government-imposed obstacles to American exporters that must be removed or reduced.

Court Accepts Wang Reorganization

LOWELL, Massachusetts (AFX) — Wang Laboratories Inc. said Thursday that U.S. Bankruptcy Court Judge William Hillman had approved Wang's reorganization plan and had scheduled a confirmation hearing for Sept. 20. The company said this meant that it could emerge from Chapter 11 bankruptcy protection as early as this autumn. Judge Hillman ruled that the disclosure statement adequately explained Wang's future strategy.

For the Record

Sears, Roebuck's Sears Merchandise Group said it had agreed to sell its Eye Care Centers of America Inc. unit to Eye Care Holdings Inc. (UPI) Coca-Cola Co. began selling products in Jordan, as the Middle Eastern kingdom joined a growing list of Arab League nations to lift a 25-year boycott against the beverage company. (Bloomberg)

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Helsinki, Hong Kong, Brussels, Frankfurt, London, Milan, Johannesburg, Sao Paulo, Singapore, Stockholm, Montreal, and Tokyo. Columns include Index, High, Low, Last, Chg.

Output Data Dent Oil Price

LONDON — Figures released Thursday by the International Energy Agency showing higher OPEC production dented the oil market as sellers took advantage of low levels of business to push prices lower. In London, September futures for North Sea Brent Blend fell 19 cents to \$16.47 a barrel while crude oil on the New York Mercantile Exchange for September delivery fell 25 cents to \$17.55. The latest monthly report from the Paris-based agency showed that production by the Organization of Petroleum Exporting Countries rose 250,000 barrels per day in July to 24.6 million barrels, about 1 million barrels over the group's self-imposed quota.

U.S. FUTURES

Table of U.S. futures markets including Grains, Oil, Metals, Financial, Livestock, and Commodity. Columns include Index, High, Low, Last, Chg.

U.S. FUTURES

Table of U.S. futures markets including Grains, Oil, Metals, Financial, Livestock, and Commodity. Columns include Index, High, Low, Last, Chg.

Spain Aims To Slash Deficit

Compiled by Our Staff From Dispatches
MADRID — The Spanish government unveiled a package of economic-austerity measures on Thursday in a bid to slash the budget deficit without plunging the economy further into recession.

Public-sector wage rises will be kept below the inflation rate and new legislation will be enacted to keep spending within budgeted levels, Economy Minister Pedro Solbes told Parliament.

The government will also make a special bid to clamp down on tax fraud and attack structural problems, especially high prices for services and labor-market rigidities.

The 1994 budget, to be submitted to parliament next month, will aim for a deficit of 4.5 percent of gross domestic product, which Mr. Solbes said was compatible with a goal of reaching the 3 percent limit set out in the European Community's Maastricht treaty by 1996. The deficit has been estimated at up to 6.5 percent this year.

Mr. Solbes said current spending would be frozen next year and social spending would rise by 6 percent, maintaining its relative share of GDP. Soaring payments for unemployment benefits have been a prime cause of the rising deficit. Spanish unemployment, which is above 22 percent, is the highest in the Community.

Public investment is scheduled to increase by 2 percent next year. *(Reuters, AP)*

Sabena Outlook Darkens Pay Accord Is Urgent, EC Official Says

Reuters
BRUSSELS — The chairman of a European Community committee on the air-transport industry said Thursday that Sabena might have "great difficulties" surviving if the Belgian airline did not agree quickly on a plan to cut wages and jobs.

Herman de Croo, chairman of a committee of aviation specialists appointed by the EC Commission, said Sabena had no hope of a government bailout, with flag carriers of Greece, Ireland, France, Spain and others also in financial trouble and possibly ready to seek EC help.

At a news conference, Mr. de Croo, a former Belgian transport minister, was scathing in his criticism of "so-called businessmen" on the Sabena board who he said had led the airline into its current troubles by excessive hiring.

"I think the personnel and the management of Sabena have to come very, very quickly to a positive agreement," Mr. de Croo said. "If there is no strong joint solidarity between all of the people

from Sabena, I am scared that there could be great difficulties."

After Sabena personnel on Wednesday voted down a rescue plan that called for pay cuts of as much as 15 percent, the airline's president, Pierre Godfried, tendered his resignation at a board meeting, then agreed to the board's request to suspend his decision for two weeks.

Mr. de Croo said Sabena had recruited more than 3,000 employees in the late 1980s and early 1990s, nullifying efforts in which he was involved as transport minister to cut employment by 1,250. Now, he said of the new employees, "almost all will have to be cut."

The committee headed by Mr. de Croo is to report this year on ways to help the industry weather its current financial difficulties and meet subsequent challenges. He has said he expects the committee to recommend more mergers in the European airline industry.

Shell's Earnings Disappoint Market But BP Posts Gains

Compiled by Our Staff From Dispatches
LONDON — Royal Dutch/Shell disappointed the market Thursday with reduced net income but British Petroleum Co. pleased investors by turning loss into profit.

As they unveiled their second-quarter earnings, both of the oil giants said conditions in the petrochemicals business were depressed and likely to remain so. Both also predicted a modest recovery in oil prices during the second half of the year as demand gradually improved.

"Although a modest recovery of prices might be expected as demand increases in the second half of the year, the market is likely to remain volatile," said Shell.

Shell's shares dipped when it revealed a second-quarter net income of \$775 million (\$864 million), down 6 percent on the same period of 1992 due to currency losses and heavy restructuring charges in its chemicals division.

But BP stock rose on news the company had posted a second-quarter profit, on a historic-cost basis, of \$182 million, turning around a \$650 million loss in the same period of 1992.

After the figures are adjusted for stock losses and gains, Shell showed a second-quarter profit of \$619 million, up from \$516 million a year earlier, while BP's equivalent figure was a \$261 million profit, up from an \$812 million loss a year earlier.

Royal Dutch/Shell, which groups Royal Dutch Petroleum Co. and Shell Transport & Trading Co. on a 60-40 basis, said currency movements and restructuring charges spoiled what otherwise been a good result.

"If you take the restructuring charges out and the corporate exchanges losses it was a very strong quarter," a Shell spokesman said.

Analysts were impressed by BP's achievement in overcoming the impact of weaker demand for oil, gas and chemicals by cost savings and better marketing. *(Reuters, AFX)*

Investor's Europe			
Index	Close	Change	% Change
Frankfurt DAX	2,238.20	+10.20	+0.46
London FTSE 100 Index	2,227.80	+12.80	+0.58
Paris CAC 40	2,227.80	+12.80	+0.58
Amsterdam AEX	2,227.80	+12.80	+0.58
Berlin DAX	2,227.80	+12.80	+0.58
Brussels Euronext	2,227.80	+12.80	+0.58
Madrid IBEX 35	2,227.80	+12.80	+0.58
Oslo OBX	2,227.80	+12.80	+0.58
Stockholm OMX	2,227.80	+12.80	+0.58
Warsaw WIG	2,227.80	+12.80	+0.58
Zurich SMI	2,227.80	+12.80	+0.58

Barclays Earnings Surge Sixfold

Compiled by Our Staff From Dispatches
LONDON — Barclays PLC said Thursday that its first-half pretax profit increased sixfold, citing a return to profit in its British banking wing, a stronger performance in investment banking and a cut in bad-debt provisions.

Pretax profit surged to \$335 million (\$502 million), from \$51 million a year earlier. Bad-debt provisions fell to \$97 million from \$1.048 billion, while currency-dealing profits at the group's BZW investment-banking arm more than doubled, to \$384 million from \$184 million.

The bank was the fourth of Britain's big four to report sharply higher earnings for the half, owing

more to a drop in bad-debt charges and soaring trading income than to growth in the core retail-banking business.

Barclays' chairman and chief executive, Andrew Buxton, said provisions for bad and doubtful debts were on a downward trend as the British economy moved into what he termed a relatively slow recovery.

There was a write-off on Barclays' operations in the United States of \$285 million. This followed a review of the bank's U.S. operations carried out last autumn. Assets besides BZW and banking in the United States "may eventually be sold," Mr. Buxton said. *(Reuters, Bloomberg)*

BLESSING: What's Bad for ERM Is Good For U.S. MONEY: Benelux Countries Move Toward Germany

Continued from Page 11
Tariffs and Trade. "It makes life more complicated politically," said John Lipsky, chief economist of Salomon Brothers Inc. in New York.

The currency crisis dented the credibility, and perhaps effectiveness, of some European Community governments. For the United States, such weakness poses a problem. As one official put it, "It's harder to get effective international cooperation — which often requires squishing domestic political opposition — when you have weak partners to deal with."

Mr. Mullins said the weakness in the ERM could make it difficult to avoid a return to 1970s-style inflation in the future. "They do have a challenge ahead," he said of the Europeans. "They're free to cut rates, but they also have to worry about inflation credibility."

Some U.S. officials said they saw the currency crisis as a spat between married partners, not a basic threat to European unity. Optimists said the turmoil could actually make it easier for the United States to persuade Europeans to sign a trade treaty.

"This is good news on the Uruguay Round," said C. Fred Bergsten, director of the Institute for International Economics and a former trade negotiator. "It'll provide some pickup in growth and blunt protectionist sentiment." In the past, he said, when Europeans' efforts at cooperation have run aground on one front, they tended to intensify their efforts to work together on another.

There is little disagreement that the economic effect, even if modest, is likely to be positive. If France, and especially Germany, reduce interest rates, European

Continued from Page 1
 currencies would presumably weaken against the dollar. The slightly stronger dollar could help keep U.S. interest rates low by reducing expectations of inflation.

"European rate cuts will push up the dollar," said Rüdiger Dornbusch, an economist at Massachusetts Institute of Technology who is an advocate of loosening exchange rates.

Mr. Mullins was more conservative, saying: "It's not likely to have a material monetary-policy impact. At the margin, though, you'd grant that a somewhat stronger dollar would be disinflationary."

Indeed, 30-year bonds on Thursday afternoon were yielding 6.525 percent, just above the record closing low of 6.52 percent reached Tuesday.

U.S. vacationers could get a bit of a break, too, from last week's European monetary ferment.

the strong-franc policy known as *franc fort*.

Economists and even a member of the EC Commission predicted that because the crisis has revealed the ERM to be incapable of dealing with the \$1 trillion a day warring across money markets, there could still be a fairly quick move by some countries to join the Dutch and Germans in a form of currency union.

Sir Leon Brittan, the EC trade commissioner, said if the current version of the ERM does not work "it is in my view at least as likely that countries of the EC for the most part will move towards accelerated monetary union than that they give the whole idea up."

Graham Bishop of Salomon Brothers Inc. in London agreed, adding, "My feeling is that it will be sooner rather than later."

The EC Commission is to meet Friday to discuss ways to keep economic and monetary cooperation alive following the virtual suspension of the exchange-rate mechanism, the Associated Press reported.

In a special meeting, the commission also plans to study how to get 12 EC members back on the path to the a single currency and central bank, cornerstones of the Maastricht treaty on economic and monetary union.

LVMH to Buy Publisher

Reuters
PARIS — LVMH Moët Hennessy Louis Vuitton SA, the luxury-goods conglomerate, plans to take control of the French press concern Desfosse International, which owns among other titles the business

dailies La Tribune Desfosse and l'Agefi, Desfosse said Thursday.

The newspaper publisher said LVMH would inject 110 million francs (\$19 million) in cash after an extraordinary general meeting.

commissioner, said if the current version of the ERM does not work "it is in my view at least as likely that countries of the EC for the most part will move towards accelerated monetary union than that they give the whole idea up."

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In a special meeting, the commission also plans to study how to get 12 EC members back on the path to the a single currency and central bank, cornerstones of the Maastricht treaty on economic and monetary union.

Very briefly:

- EC unemployment rose to 10.6 percent in June from 10.5 percent in May, continuing an 18-month increase. It was 9.4 percent in June 1992.
- Credit Agricole named Lucien Douroux managing director, succeeding Philippe Jaffré, who will become chairman of Elf Aquitaine.
- Adam Opel AG raised its share of the European car market to 12.3 percent in the first half, from 11.9 percent a year earlier. Its parent, General Motors Corp., operating under the Vauxhall name in Britain, raised its share in Western Europe to 12.9 percent from 12.4 percent.
- Western German consumer prices rose 0.2 percent in July from June and 4.3 percent from July 1992, the Federal Statistics Office said. In June, the 12-month inflation figure was 4.2 percent.
- Schering AG said first-half profit rose 3 percent from a year earlier to 185 million Deutsche marks (\$108.3 million), but sales fell 2 percent to 2.82 billion DM. The pharmaceutical concern forecast full-year profit similar to the 262 million DM it made last year.
- British Telecommunications PLC and MCI Communications Corp. named Chris Earnshaw chief executive of their joint-venture company, formed to offer telecommunications services to large corporations. *(AFX, Reuters, APF, Bloomberg)*

Virgin Protests Sunday Ban

Bloomberg Business News
PARIS — Virgin Group PLC threatened Thursday to freeze its ambitious French expansion plans if the government refused to lift a ban on Sunday opening for its flagship store on the Champs-Élysées.

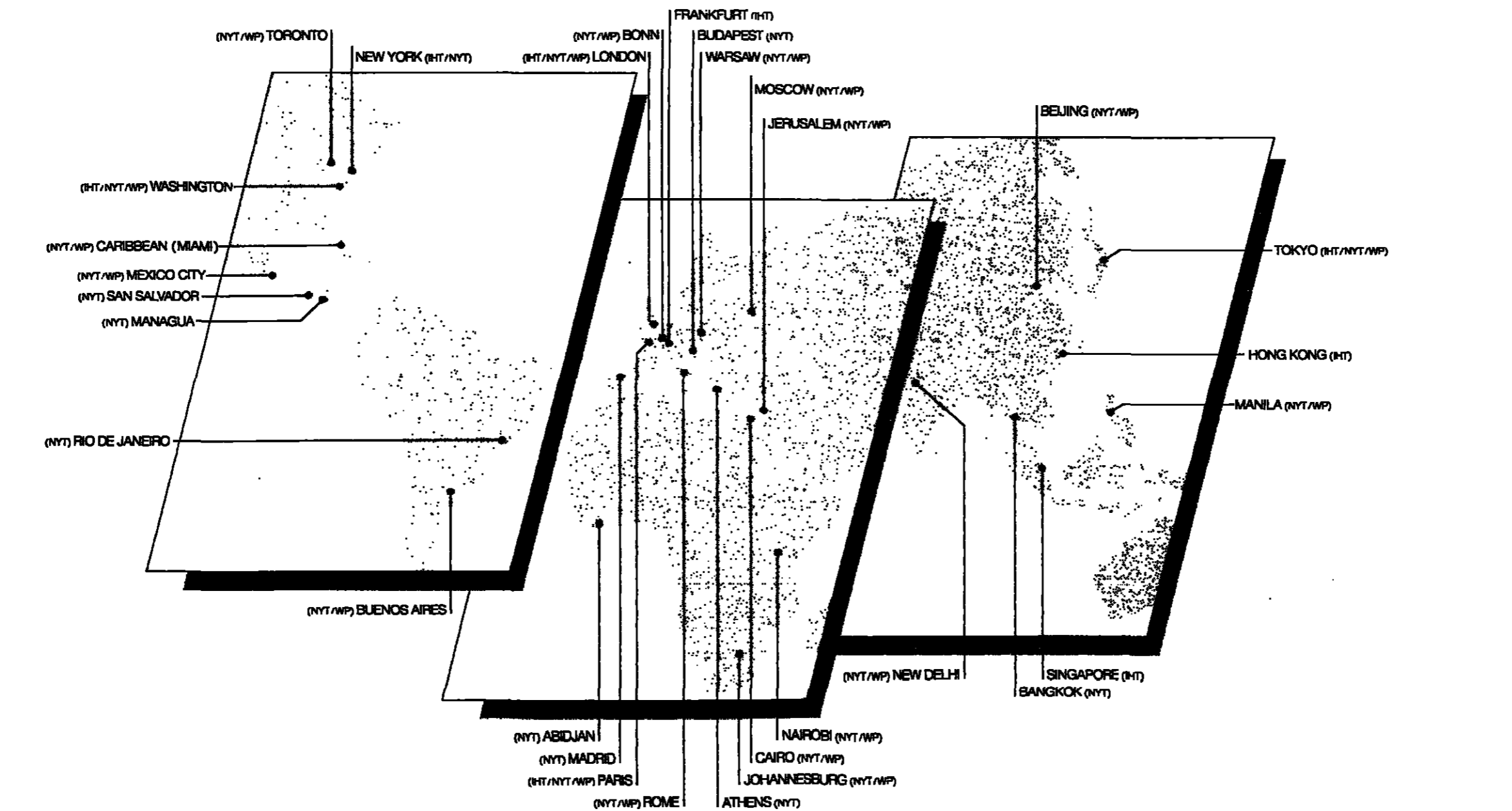
The Virgin Megastore has been allowed to open on Sundays for the past year on a trial basis. But Paris authorities reimposed the ban last month, saying the store was not selling primarily to tourists on Sundays.

If the ban is not lifted, Virgin said it would freeze plans to open 26 French stores in addition to its four current outlets.

Virgin, which has up to a fifth of its sales on Sundays, ignored the ruling and was sued by two unions, the communist-led General Labor Confederation, known by its French acronym CGT, and the Democratic Labor Federation, or CFDT.

Additionally, the fine had been 250,000 francs (\$42,348) for each of the last two Sundays, but a French court this week ordered it raised to 4 million francs for future violations.

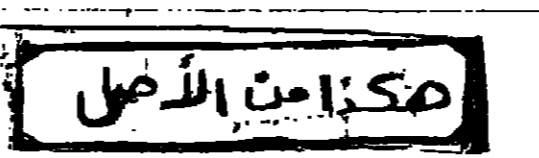
The World's Most Extensive News-Gathering Network.



The International Herald Tribune maintains its own news bureaus in eight key cities and also benefits from the unparalleled correspondent networks of its two parent newspapers, The New York Times and The Washington Post, America's two most influential dailies. And, of course, we subscribe to the major wire services as well.

The product of these unmatched resources is distilled each day by a team of some forty expert editors to bring our readers the most compact yet comprehensive package of news and opinion, available anywhere.

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Bringing the world's most important news to the world's most important audience.



NYSE Thursday's 11 a.m.

Table of NYSE stock prices including columns for High, Low, Last, and Change. Includes various stock symbols and their corresponding prices.

ADRs: Some Investors Hope to See Costs Reduced as the Market Expands. Continued from Page 11. Ms. Lewis mentioned, but that depositary banks must cover high fixed costs.

Table of ADR prices and market data, including columns for High, Low, Last, and Change. Lists various ADR symbols and their market performance.

INTERNATIONAL FUNDS

Quotations supplied by funds data. Most values are estimates based on last prices. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (m) - monthly; (q) - quarterly; (y) - yearly.

Large table of international fund prices and descriptions, organized by region (e.g., Africa, Asia, Europe, Latin America, Middle East, North America, Oceania, South America). Includes fund names, share classes, and prices.

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Advertisement for MEX (Mexico) featuring a large image of a person and text promoting the service. Includes the slogan 'To our readers in Holland it's never been easier to subscribe' and contact information.

Japan Seeks Curbs on U.S. Airlines

By Richard M. Weintraub
Washington Post Service

WASHINGTON — Japan opened a crucial round of talks on the future of aviation links with the United States by seeking limits on current rights of U.S. air carriers, according to sources familiar with the talks.

Although air travel was not part of the U.S.-Japanese "framework" agreement reached last month during the Group of Seven summit meeting in Tokyo, U.S. officials said Japan's posture in the talks this week conflicted with principles of open trade set in talks between President Bill Clinton and Kishida Miyazawa, whose government resigned Thursday.

Despite Japan's widely publicized opposition to setting targets or goals for trade, one U.S. official said that in the air-traffic talks that began Tuesday at the State Department, Tokyo was calling for limits on the number of flights or passengers to be allocated to American carriers at the airport that is scheduled to open at Osaka next year.

Japanese officials also said they wanted to review the overall air agreement between the two nations.

Japanese airlines' share of the traffic between the two countries has plummeted to 30 percent, with newly aggressive U.S. carriers — especially Northwest Airlines and United Airlines — grabbing 70 percent. As a result, the Japanese carriers have been pressing their government to seek limits on competition and to curtail American carriers' right to pick up passengers in Japan on flights between the United States and another Asian destination.

European countries also are trying to limit competition from American carriers, but the Asian battleground is particularly important because it is a rapidly growing area and one that is generally profitable for the airlines.

A U.S. official said, "we would be disappointed if the strongly stated principles stated in general are not applied to a sector in which U.S. companies are unequivocally ahead."

Taiwan's Surplus Surges, Bolstered By Sales to China

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan's trade surplus with the United States tripled from a year earlier to \$722 million, the Finance Ministry said Thursday.

The surge was fueled by strong sales to China and helped by a slight fall in the Taiwan dollar.

Exports rose 5.4 percent from a year earlier to \$7.26 billion, while imports fell 1.7 percent to \$6.54 billion, the ministry said.

The July figures went against the trend of the first half of the year, as Taiwan's trade surplus for the first seven months declined 26.3 percent from a year earlier, to \$4.05 billion.

The U.S. dollar was quoted at 26.9475 Taiwan dollars Thursday, compared with 25.4050 dollars at the start of 1993.

"Our exports will continue rising later this year, as our products have become more competitive in the world market," an official at the Board of Foreign Trade said.

Taiwan's trade surplus with Hong Kong, the primary conduit for its booming indirect trade with China, surged 29.7 percent to \$9.52 billion in the first seven months of the year. Taipei does not allow direct trade with China.

During the same period, Taiwan's trade surplus with the United States, still its largest export market, shrank 19.2 percent to \$3.6 billion, and its trade deficit with Japan widened 16.2 percent to \$8.2 billion.

Industrial products accounted for 96.1 percent of Taiwan's exports in July, while agricultural and industrial raw materials made up 70 percent of its imports.

Separately, Taiwan's government said it would revive a budget proposal to build a \$17 billion high-speed rail system that was blocked by the legislature last month.

Officials said the cabinet would submit the proposal next month along with a proposed regulation to encourage private investment in the system. Lawmakers had said the government could not afford the project.

Companies from France, Germany and Japan were expected to bid for the project.

Funding problems also prompted the cabinet Thursday to scale down Taiwan's six-year infrastructure plan by 1.94 trillion Taiwan dollars, officials said.

(Reuters, AFP, Bloomberg)

Investor's Asia					
Hong Kong		Singapore		Tokyo	
Hang Seng		Straits Times		Nikkei 225	
8000	2000	20000	20000	20000	20000
7500	1900	19000	19000	19000	19000
7000	1800	18000	18000	18000	18000
6500	1700	17000	17000	17000	17000
6000	1600	16000	16000	16000	16000
5500	1500	15000	15000	15000	15000
Exchange Index		Thursday	Friday	Change	
		Close	Close		
Hong Kong		7,907.54	7,164.20	-842.34	
Singapore		1,861.63	1,859.08	-2.55	
Sydney		1,886.30	1,884.20	-2.10	
Tokyo		20,425.64	20,497.65	+72.01	
Kuala Lumpur		785.49	781.99	-3.50	
Bangkok		948.28	945.38	-2.90	
Beirut		732.05	720.02	-12.03	
Taipei		4,055.52	4,048.21	-7.31	
Manila		1,780.94	1,768.50	-12.44	
Jakarta		360.00	358.69	-1.31	
New Zealand		1,893.66	1,897.92	+4.26	
Bombay		1,401.42	1,402.40	+0.98	

Sources: Reuters, AFP
International Herald Tribune

Very briefly:

- The Japan Automobile Importers Association said sales of imported cars and trucks in Japan rose 11.2 percent in July from a year earlier, to 20,364 vehicles, but the increase was largely in Japanese models made overseas.
 - Hyundai Construction Equipment Industrial Co. reached a tentative settlement with its workers, leaving three Hyundai group companies with labor disputes; the employees are to vote Saturday on a deal that includes a 4.7 percent pay increase, after earlier demanding a 15 percent raise.
 - Vietnam said 12 members of the U.S. House Ways and Means Committee would visit the country Aug. 12 to Aug. 15 to study investment and trade prospects; on Sept. 14, President Bill Clinton must decide between extending and ending America's trade embargo with Vietnam.
 - China established two courts for disputes related to copyrights and other intellectual-property rights; the Beijing Intermediate People's Court Intellectual Property Rights Tribunal will hear most disputes, with appeals going to a tribunal attached to the Beijing High People's Court.
- AP, Reuters

China Warns Again on Taxes

Bloomberg Business News

BEIJING — China's cabinet issued a circular declaring all unauthorized tax breaks for foreign investors null and void, Chinese Central Television said Thursday.

The State Council circular, repeating a warning made earlier this week in the official newspaper China Daily, said preferential tax rates granted by local governments overstepping their power would be rescinded. Only centrally approved development zones should offer such rates, the cabinet said, according to the official station.

Last year, local governments raced with each other to attract foreign investment following calls by the senior leader, Deng Xiaoping, to make the economy more accessible. Now government policy is focused on tighter control of financial flows, including a perceived hard-currency drain.

In the first half of this year, China approved foreign investment commitments of \$58.8 billion, up 300 percent from a year ago.

Qantas Must Boost Profit For Share Sale, Chief Says

Compiled by Our Staff From Dispatches

SYDNEY — Qantas Airways needs a significant rise in profit to ensure the success of its planned 2 billion Australian dollar (\$1.37 billion) share offering, its chairman, Gary Pemberton, said Thursday.

Mr. Pemberton also said James Strong, a Qantas board member and the former head of Australian Airlines, which was merged with Qantas last year, would become managing director of Qantas. Mr. Strong, 49, is to succeed John Ward, effective in late October.

British Airways bought 25 percent of Qantas for 665 million dollars early this year. The rest of the company is to be floated on the Australian stock exchange, although the Australian government decided last month to delay the sale until 1994-95 because of the slump in the aviation industry and the need for Qantas to digest its merger with Australian Airlines.

Mr. Pemberton said Mr. Strong's most pressing tasks would be to complete that merger and oversee a "quantum leap" in profit to ensure the success of the share sale.

Mr. Strong added that Qantas would be "setting profit targets and working toward them" over the next two years. He did not mention any specific figures.

Qantas had a profit of 137 million dollars in the year ended June 30, 1992, helped by earnings from aircraft sales. But a spokesman said its results for the 1993 financial year would fall well short of that figure because of the depressed state of the airline industry.

(AFX, AFP, Bloomberg)

INERTIA: Gridlock in Japan

Continued from Page 1

said Jesper Koll, an economist at S.G. Warburg Securities. "Some form of intervention is probably going to be needed, but speedy implementation is unlikely."

One of the most important measures, a cut in income taxes, is among the most contentious. The new government has signaled its support for lower taxes, which many economists say are essential to stimulate private consumption and revitalize the economy. But Morihiro Hosokawa, the leader of the seven-party coalition, has said he favors lower income taxes only if consumption taxes are raised.

This puts his views in line with those of the Ministry of Finance, which believes that the tax base needs to be broadened to prevent a mushrooming of government debt as Japan's population rapidly ages. But it also puts Mr. Hosokawa at odds with members of the Social Democratic Party, who have been opposed to any tax increases and who make up the single largest group within the coalition.

One hopeful area from the perspective of big business is deregulation. Mr. Hosokawa has built a reputation on opposing the authority of bureaucrats centered in Tokyo. And not being affiliated with any "tribe" — or group of parliamentarians associated with a particular industry and its key bureaucrats — he appears better placed than previous prime ministers to challenge Tokyo's mandarins, even though members of his coalition may put up resistance.

"If Mr. Hosokawa doesn't get on with deregulation, it will mean he's a sissy," Mr. Nukazawa said.

According to local press reports, the next cabinet will be a fantastic grouping of longtime opposition leaders and Liberal Democratic defectors. In a development that is almost unimaginable in Japan, the leader of the Social Democratic Party, Sadao Yamahana, will be named minister of international trade and industry.

Tsunetomo Hata of the Japan Renewal Party will be made deputy prime minister and finance minister, a post he held last year. Several members of the Clean Government Party will be given the top posts in four ministries, including construction, labor and environment. Social members may also get posts in the Economic Planning Agency, the Management and Coordination Agency and the National Land Agency.

While cabinet members in Japan tend to be weak, with little individual influence, the next cabinet should, at least, prove more colorful. "It's going to be most colorful," said Cornelis Meyer, an adviser to the Liberal Democratic Party. "The cabinet is a potential war zone."

AMEX
Thursday's 3 p.m.
Tables include the following prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Symbol	Price	Change
IBM	115.00	+0.25
MSFT	45.00	+0.10
GE	35.00	+0.15
DIS	25.00	+0.05
WAL	15.00	+0.02
AMZN	10.00	+0.01
GOOG	8.00	+0.03
ORCL	6.00	+0.01
INTC	4.00	+0.02
QCOM	3.00	+0.01
TXN	2.00	+0.01
SPX	1000.00	+10.00

Symbol	Price	Change
YASU	120.00	+1.00
YAMA	110.00	+0.50
YAMA	100.00	+0.20
YAMA	90.00	+0.10
YAMA	80.00	+0.05
YAMA	70.00	+0.02
YAMA	60.00	+0.01
YAMA	50.00	+0.00
YAMA	40.00	+0.00
YAMA	30.00	+0.00
YAMA	20.00	+0.00
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FIDELITY DISCOVERY FUND
Société d'Investissement à Capital Variable
Kansallis House
Place de l'Etoile
L-1021 Luxembourg

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY DISCOVERY FUND, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on August 26, 1993, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended April 30, 1993.
4. Discharge of the Board of Directors and the Auditor.
5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3d, Barry R. J. Bateman, Charles T. M. Collis, Charles A. Fraser, Jean Hamilius and H. F. van den Hoven, being all of the present Directors.
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
7. Declaration of cash dividends on the Fund's Class A and Class B shares in respect of the fiscal year ended April 30, 1993, and authorisation of the Board of Directors to declare further dividends in respect of fiscal year 1993 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.
8. Proposal, recommended by the Board of Directors, to amend the fourth paragraph of Article 15 of the Fund's Articles of Incorporation to delete the specific limitations in the nature of investment safeguards set forth therein and to substitute more general language, in order that all of the Fund's investment safeguards may be determined by the Board of Directors in its discretion, subject to the requirements of Luxembourg law and regulation. Copies of this proposal, subject to the requirements of Luxembourg law and regulation, may be obtained from the Fund at its registered office in Luxembourg and are being mailed to all registered shareholders with this Notice of Meeting.
9. Proposal, recommended by the Board of Directors, to amend the Fund's Investment Management Agreement with Fidelity International Limited ("FIL") by adding a new Section 16 to specify the basis on which FIL, as Investment Manager, may delegate, with the Board's consent, FIL's responsibilities in respect of portfolio management for the Fund, and to amend Section 10 of the Agreement to state the responsibility of FIL for such delegate's actions pursuant to such delegation. Copies of Sections 10 and 16 as proposed to be amended may be obtained from the Fund at its registered office in Luxembourg and are being mailed to all registered shareholders with this Notice of Meeting.
10. Consideration of such other business as may properly come before the meeting.

Approval of items 1 through 7 of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. With respect to item 7, in order to approve or rescind the dividends, each class will vote separately its approval of the dividend to be paid on shares of that class; the affirmative vote of a majority of the shares of that class present or represented at the meeting will be required in addition to the affirmative vote of a majority of the combined classes present or represented at the meeting.

Approval of item 8 of the Agenda will require the affirmative vote of two-thirds (2/3) of the shares, acting as a single class, present or represented at the Meeting at which a majority of the outstanding shares of all classes, treated as a single class, must be present or represented; if a quorum is not present, then at the adjournment session of the Meeting, approval of item 8 shall require the affirmative vote of two-thirds (2/3) of the shares, acting as a single class, present or represented at the Meeting with no minimum number of shares present or represented for a quorum. Approval of item 9 of the Agenda, including at any adjournment session of the Meeting, will require the affirmative vote of a majority of the shares, acting as a single class, present or represented at the Meeting at which a majority of the outstanding shares of all classes, treated as a single class, are present or represented.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of either or both Class A and Class B shares which constitute in the aggregate more than three percent (3%) of the outstanding shares of both classes, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: July 22, 1993
BY ORDER OF THE BOARD OF DIRECTORS

Fidelity Investments

Handwritten note: 10/11/93

SPORTS SWIMMING

German Women Seize More Gold In Europe Meet

Sheffield, England — Olympic champion Dagmar Hase led a German one-two in the women's 400 meters freestyle at the European swimming championships on Thursday.

Hase and Kerstin Kielgass seized control in the second half of the race after Olga Kirichenko, a 17-year-old Russian, had set a blistering pace for the first 200.

Hase pulled in front on the fifth length of the 50-meter pool and stretched away to win in 4 minutes, 10.47 seconds and grab Germany's eighth gold medal of the championships.

Kielgass, bronze medalist in the Olympic 200 meters freestyle, claimed the silver in 4:12.18, and defending champion Irene Dalby of Norway the bronze in 4:12.51.

Franziska van Almsick won her fourth gold medal of the championships when she powered Germany to victory in the women's 4x100 meters freestyle relay.

Van Almsick threatened the individual world 100 freestyle record with a superb first leg of 54.62 seconds and stayed on track for seven golds in the championships.

The German quartet of Van Almsick, Manuela Stellmach, Kerstin Kielgass and Daniela Hunger won a championship record 3:41.69, nearly four seconds ahead of Sweden, which edged out Russia for the silver by 0.04 of a second.

Double Olympic champion Alexander Popov retained his European 100 meters freestyle crown, swimming through on the second length to win by a comfortable margin.

Second behind Christian Tröger of Germany at the turn, Popov surged past with unhurried ease to win in 49.15 seconds, outside the European record 48.93 set in May.

Tommy Werner of Sweden, silver medalist in the 1991 world championships, showed his competitive strength once again and took the silver in 49.71. Pavel Khnykin of Ukraine was third in 49.76.

Kristina Egerszegi of Hungary, who won the 400 meters individual medley on Tuesday, retained a second European title in her collection in an exciting 100 meters backstroke contest.

Egerszegi, who turns 19 this month, had snatched the lead from fast-starting Sandra Völker by the end of the first length, but faced a big challenge down the return length by the German and Nina Zivanevskaya, a 16-year-old Russian.

World and Olympic champion Egerszegi prevailed in 1:00.83, outside the 1:00.31 world mark she set at the 1991 European championships in Athens.

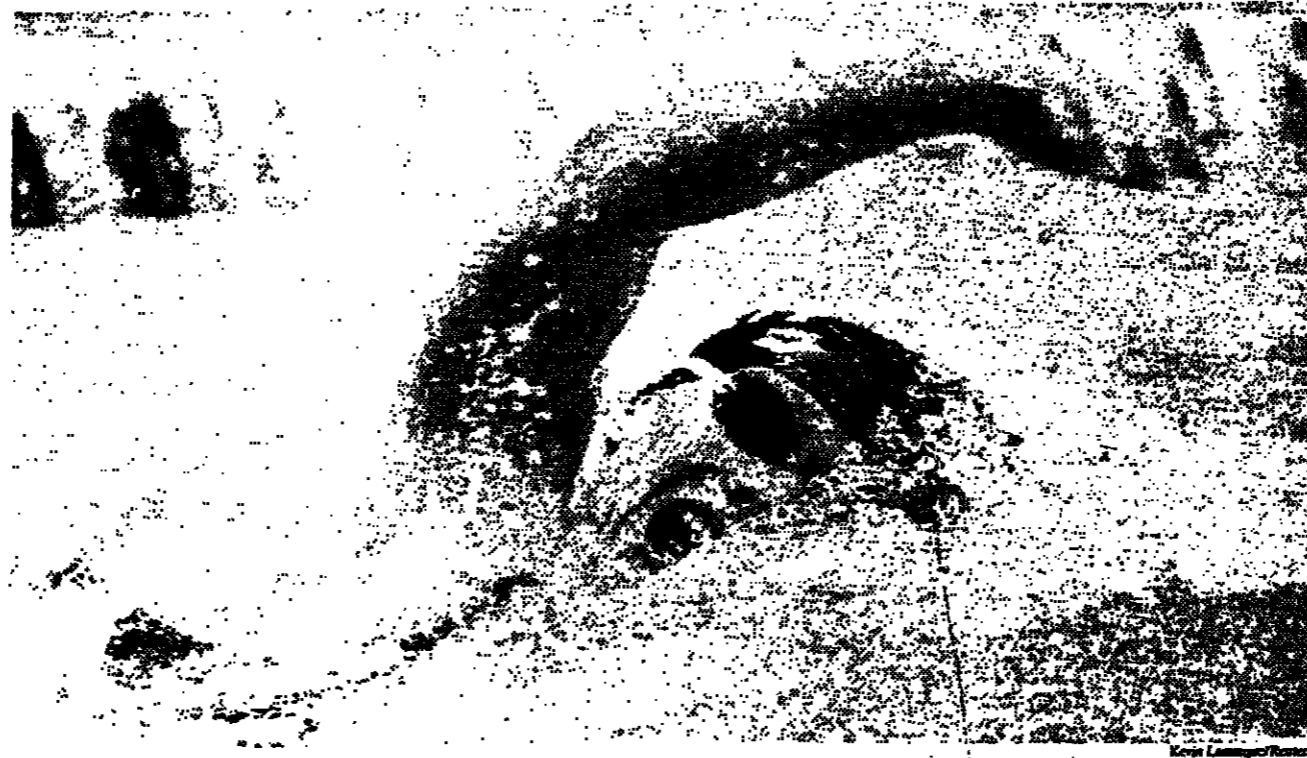
Zivanevskaya took the silver in 1:01.16, and Völker the bronze in 1:01.89.

Vladimir Selkov averaged Olympic and world championship losses at the hands of Martin Lopez-Zubero with a bold win in the men's 200 meters backstroke.

The Russian ended Lopez-Zubero's European reign by attaching from the start and establishing a lead that left the Spaniard hopelessly behind.

Selkov was more than a second inside world record pace at 100 meters, and although Lopez-Zubero fought back with his customary powerful finish, the Russian had done enough to win.

Silver medalist behind Lopez-Zubero at the Olympics and bronze medalist at the 1991 world championships, Selkov won in a championship record 1:58.09, with Lopez-Zubero second in 1:58.51 and Emanuele Merisi of Italy third in 1:59.57.



Olympic champion Dagmar Hase of Germany pulled ahead on the fifth length and stayed there to win the 400 meters freestyle.

At the Buick, Eyes on Norman

The Associated Press

GRAND BLANC, Michigan — There's a sign in the locker room at Warwick Hills Country Club. It tells players there will be two buses leaving Sunday for Toledo, Ohio, the site of the PGA Championship next week.

You can be sure Greg Norman won't have to make the two-hour trip down Interstate 75 on a bus. Yet, there is no doubt that his mind will be on Inverness while he is playing the Buick Open this week.

Norman is part of what looks to be the strongest field in the 29-year history of this event.

But they aren't flocking to Michigan simply to win a Buick. Most are using this tournament as a final tuneup for the PGA. And that's why many eyes will be on Norman.

It was seven years ago at Inverness Country Club that Bob Tway holed out from a bunker on the 72d hole to snatch the PGA title from Norman. It was a once-in-a-lifetime shot for Tway, who has only two victories since that miracle.

Norman, of course, held the lead going into the final round of all four majors that year. The last-second heartbreak has become as much a part of his trademark as the shark on his shirt.

"I know I'm going to go through a lot next week," Norman said before playing in a pro-am Wednesday. "Everyone is going to bring up seven years ago."

Norman had two wins in 1986, another in 1988, two in 1990 when he was No. 1 on the money list, and one in 1992. So far this year, he is third on the money list, with victories at Doral and the British Open — his first major title.

"You have to learn how to win," said Davis Love 3d, who is playing in his seventh Buick Open. "You definitely have to win a major to get your career to the next level."

Love won the Tournament of Champions, the first tournament of the year, but hasn't won since.

Twelve of the top 16 money-winners are in the Buick Open. The only one missing are leader Nick Price, Paul Azinger, U.S. Open champion Lee Janzen and Masters champion Bernhard Langer.

Also entered are 13 of the top 16

on the Ryder Cup points list. Tom Watson is captain of the Ryder Cup team, and he is playing here this week.

"One of my jobs as captain is to get to know the players better," Watson said. "When we get into the competition, I want to be able to help them in any way I can."

Watson said help comes in many forms.

"I remember Jack Nicklaus had to fill up the car with all the 'aids' — Band-Aids and Roloids," he said. "If players need a boost or a kick in the behind, I'm there to give it to them."

This is the first Buick Open for Watson. But he said that had more to do with family than with pending PGA titles.

"Probably the main reason I never showed up here before was that my dad always drove Oldsmobiles," Watson said.



Greg Norman joins one of the strongest fields ever for the Buick Open, the final tune-up for the PGA Championship next week.

Duffers, Read It And Weep

Compiled by Our Staff From Dispatches

The odds on making a hole-in-one are 20,000-to-1 for the average golfer. But David Warren, a plumber in Matthews, North Carolina, does not pay them much heed.

Since taking up the game again last September after a 10-year hiatus, Warren has five aces.

"Right before the third one, I told these guys I was playing with that I hadn't had a hole-in-one in three weeks," he said. "They looked at me like I was crazy. Then I knocked it up there, and it went in the hole."

"To me, it's like fishing. If you fish, you'll catch the fish. If you play golf, you'll get holes-in-one. It seems easy. That's my attitude."

Well, if you're a duffer who runs into a stick of luck like Warren's, you might want to refigure your handicap in a flash.

Not so fast. A Tennessee company that is hoping to bring instant handicap calculation to public courses contends that the United States Golf Association is taking an unfair swing at its product.

International Golfers Club Inc. filed a lawsuit last month in U.S. District Court, charging that the USGA was trying to monopolize the market on handicapping.

The USGA had earlier filed suit against the company.

The International Golfers Club system would employ microchip technology on a "smart card." After completing a round, golfers would put the card in a reader and enter their score, and a computer would calculate their new handicap instantly. (LAT, AP)

In Vail Exile, Seles Cloaks Her Future

By Johnette Howard
Washington Post Service

VAIL, Colorado — It's been 13 weeks since the tennis diva Monica Seles first arrived here amid heavy security, swaddled in a blanket as she stepped off a private jet from Europe, nursing a stab wound she had suffered two days earlier in a court-side attack in Hamburg.

Except for a brief news conference soon afterward, then a statement released by her management firm on July 8, Seles has not been heard from since.

But the townspeople of Vail have seen her.

This winter halcyon to a population of 25,000 during ski season, it is admittedly jaded from a steady stream of such famous visitors as Dan Quayle, Gerald Ford and Ross Perot.

During the summer, however, the town returns into a tight-knit community of about 2,500, small enough for folks to notice the slowly recuperating tennis star when she surfaces around town, and small enough for mail from around the world to find her even when the townships are swarmed with Monica Seles, Hospital, Vail, Colorado.

A freshly graduated college student here speaks of a friend who was in rehab classes with Seles at the Steadman-Hawkins Clinic where she is undergoing treatment. A bellhop at the resort hotel where Seles was staying until a few weeks ago says he can't speak for her frame of mind, but he did know her brother Zlatan spent most nights sleeping on a sofa bed in her suite and usually accompanied her whenever she left the hotel grounds.

A clerk at the Ralph Lauren store in town tells of helping Seles try on a sweater and noticing how difficult it was for the tennis star to lift her left arm, an effect of the stab wound on her back.

A woman at the town's tourist information desk speaks of taking her son into a local shoe store and bursting, "Look, there's Monica Seles!" The outburst caused Seles to bolt from the bench she was on, cap a hand over one side of her face and hurry out the door.

"She made it very clear she wanted to be left alone," said the woman, echoing what everyone else who has encountered Seles here says.

Since she was attacked April 30 by a German machinist, Günther Fatche, the list of interview requests for Seles has passed 150, and includes Barbara Walters and Diane Sawyer.

Tabloid reporters from as far away as England and Europe have visited this skiing town or dangled monetary offers at Seles for an exclusive. At least one man was seen rifling through her garbage and another — a photographer for an American supermarket tabloid — told her publicist that there is a \$50,000 bounty out for the first photograph of Seles hitting a tennis ball and practicing.

But nobody, save intimates, knows precisely how the 19-year-old is recuperating emotionally or physically. Seles wants it this way: she did during the other two prolonged absences in her career.

None of her handlers will say if Seles will play when the U.S. Open begins Aug. 30, although speculation that she is definitely out appears correct.

No one is saying how much emotional fallout Seles still suffers because of Fatche, an obsessed fan of German star Steffi Graf who said he wanted to disable Seles but not kill her, so Graf could recognize the No. 1 ranking. After the French Open, which Seles had won the previous three years, Fatche's fanatic wish came true.

Nor will anyone say what is taking Seles so long to heal.

The physicians who treated her in Hamburg estimated she would miss one to three months. But physicians in Vail almost immediately distanced themselves from the guess, and the three-month anniversary of the attack passed at the end of July without comment.

Italy Hangs On to Lead After Boat Is Crippled

The Associated Press

COWES, England — Italy held on to a narrow lead in the Admiral's Cup yachting competition Thursday, despite losing its top boat in a collision.

Italy's 50-foot Mandrake collided with Promotion of the Netherlands at the first mark turn off Hayling Bay.

Italian skipper Francisco de Angelis accepted the blame after his boat crashed into the port side of Bert Dolk's yacht. Both craft were doubtful for the 605-mile Fastnet Race, which starts Saturday.

Mandrake ripped a 6-foot (2-meter) hole through the side and up into the deck of the Dutch yacht after failing to give way on the first turn of the 12-mile race.

The Dutch, sinking fast, managed to limp to safety on the beach at Hayling Island.

Mandrake lost a 4-foot-long section from her stern. The crew managed a temporary repair, using a sail hastily pulled around the front to stop water pouring in, and sailed back to Cowes.

No one was injured in the collision.

Australia took advantage of the confusion to temporarily take the overall lead, with Syd Fischer's 50-foot Ragamuffin winning the first of two 12-mile races. But in the second short race, Italy regained the lead as the one-ton Brava Q8 finished first in her class and the two-ton Larouge was second.

DENNIS THE MENACE



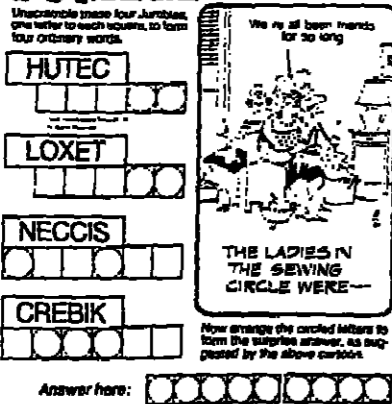
PEANUTS



CALVIN AND HOBBES



JUMBLE



BLONDIE



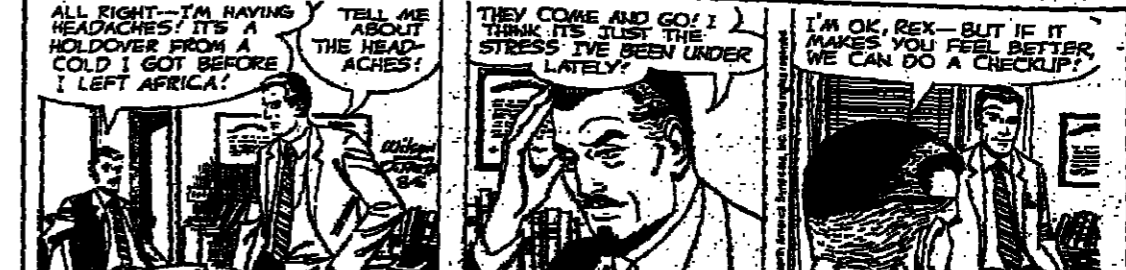
WIZARD OF ID



BEEBLE BAILEY



REX MORGAN



DOONESBURY



GARFIELD

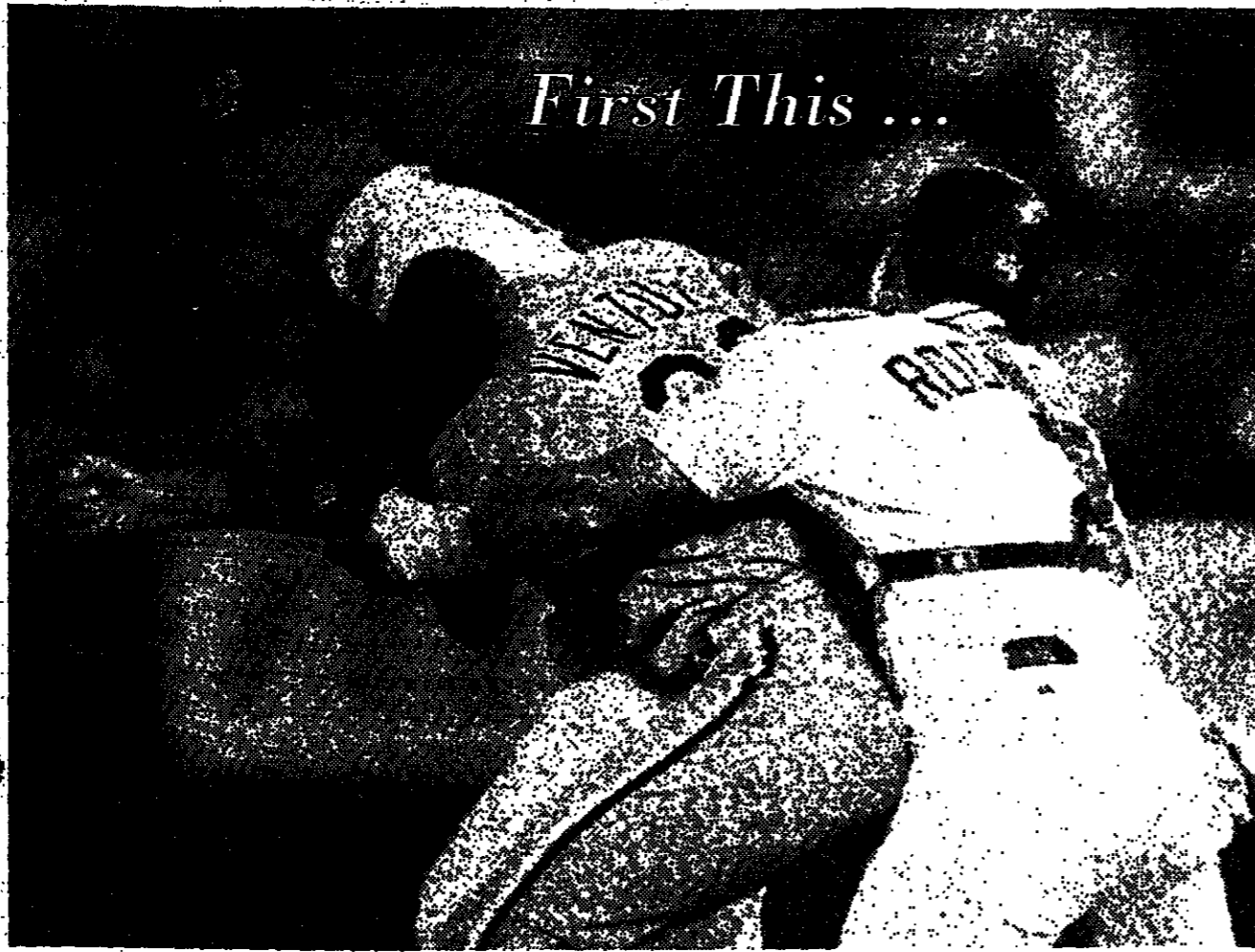


TO OUR READERS IN BUDAPEST

Hand delivery of the IHT is now available on the day of publication. Call today: 161-3008

SPORTS BASEBALL

Ryan Stops the Foe on All Fronts



First This ...

The Associated Press
Robin Ventura couldn't hit Nolan Ryan with a punch after which the rest of the White Sox couldn't hit him, either.

In a 5-2 Texas victory Wednesday night, the 26-year-old Ventura — after being hit by a fast ball — charged the mound in the third inning and was punched out by the 46-year-old hurler. Ryan went on to pitch hitless baseball for as long as he stayed in the game.

"When someone comes out to the mound, they are coming out there with the intent to hurt you, and I'm not going to be passive about it," Ryan said later.

Ryan put a strong headlock on Ventura, the kind he uses on the ranch at branding time, and delivered six punches to the younger man's head and face.

"I've had a couple of confrontations in my career, but nothing of that nature," Ryan said. "I'm not a big believer in fights. Usually even the winner gets hurt."

The overmatched Ventura fell to the ground in a scuffle, and finally, Ventura's teammates arrived to end the one-sided punishment.

Ventura and manager Gene Lamont were ejected from the game in Arlington, Texas.

"It was just self-preservation," Ryan said. "I didn't expect that to happen. I was just trying to pitch

him inside. You don't have time to think, you just react."

Ryan added, "I have nothing against Robin Ventura. The next time I face him, it won't even cross my mind."

It was the first time a player had charged the mound against Ryan since San Diego's Dave Winfield did it in 1980 in Houston.

"Dave threw a punch and then we wrestled to the ground," Ryan said.

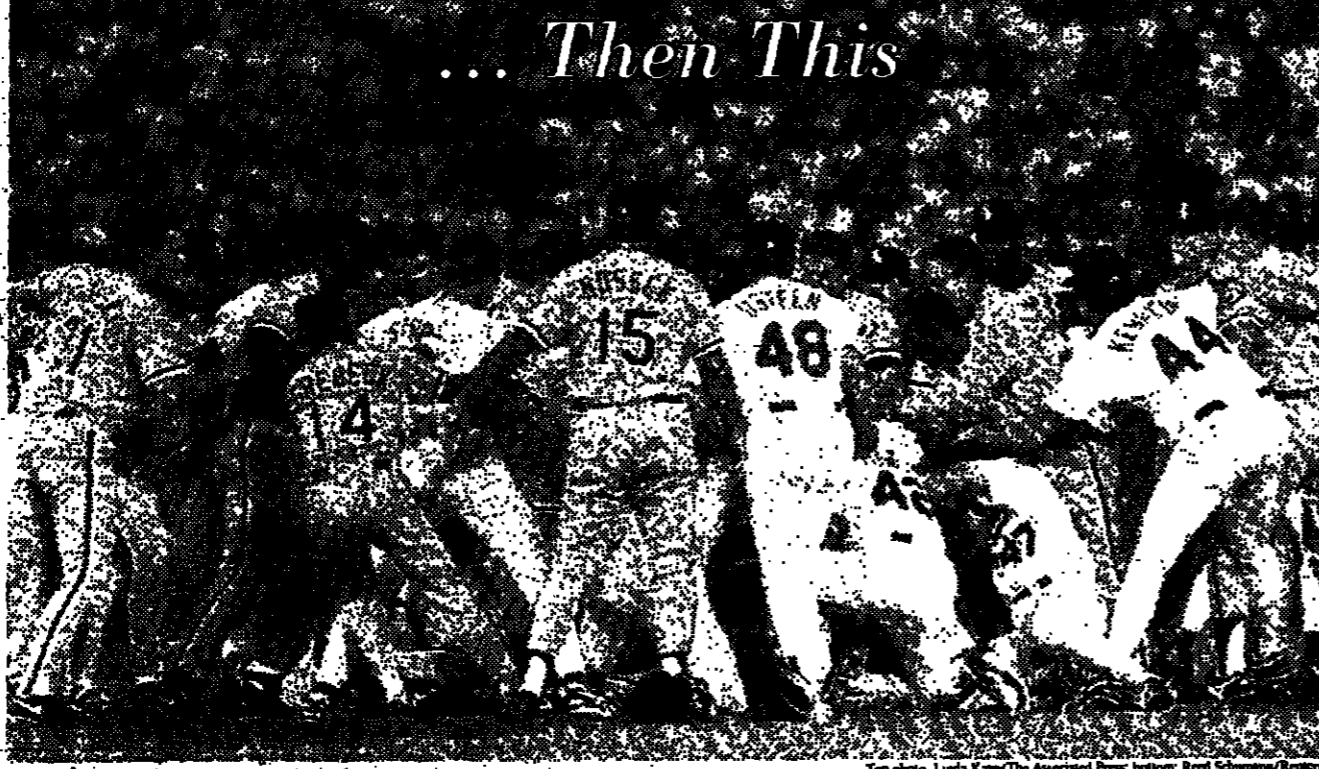
AL ROUNDUP
said, "I decided then I wasn't going to take it the next time it happened. I decided I would be the aggressor."

The adrenalin-charged Ryan set down 12 of the next 13 batters without allowing a hit to earn his 322nd career victory. He got relief for the last two innings from Craig Lefferts and Tom Henke.

Ryan (3-3) allowed only three hits, struck out five and walked two.

"It's no secret that he was throwing at me and I have to do what I have to do to protect myself, and I don't care who it is," Ventura said.

"I'm all right. He gave me a couple of noogies, but that was about it," Ventura said he could be suspended, but added: "I had to go after him. But I didn't want to be out there alone again. He hit me with a fast ball. You don't go out



... Then This

Olson Homers to Save Braves

The Associated Press
Greg Olson capped a four-run Atlanta rally in the eighth inning with a three-run homer to give the Braves a 9-8 victory over the Philadelphia Phillies.

The Braves have won 10 of their last 12 games, but have gained little ground on first-place San Francisco in the NL West.

Fred McGriff led off the eighth Wednesday night in Atlanta with a

single off reliever David West, and Terry Pendleton and pinch-hitter Francisco Cabrera before giving up an RBI single to Mark Lemke.

Olson, who hit a two-run homer in Atlanta's 5-3 loss against the Phillies Tuesday, then hit his fourth homer.

Jay Howell earned the victory with 1 1/2 scoreless innings and Greg McMichael picked up his fourth save with a scoreless ninth.

Pete Incaviglia hit his fifth home run in his last four games to help the Braves take a 5-3 lead.

Incaviglia's three-run homer in the fifth inning — his 18th — came off Tom Glavine. He also hit a three-run homer Tuesday night and has 12 RBIs in his last four games.

Philadelphia starter Curt Schilling pitched six innings, giving up seven hits, five runs, four of them earned.

The Braves took a 3-2 lead on a three-run homer by Justice, his 26th of the year, in the fourth inning.

The Phillies scored two runs in the third on Darren Daulton's two-run double, added two more in the sixth on Mariano Duncan's two-run double and another in the seventh on Incaviglia's double and a run-scoring single by rookie Kevin Stocker.

Atlanta scored an unearned run in the fifth when Mark Lemke singled, took second on a sacrifice and scored when Jeff Blauser's ground-er went through Duncan's legs at second for an error.

The Braves also scored in the seventh on an RBI single by Deion Sanders.

Padres 11, Giants 10: Tony Gwynn tied a club record with six hits and pitcher Pedro Martinez drove in the winning run with a bases-loaded squeeze bunt as San Diego loaded to beat visiting San Francisco in the 12th inning.

It was also a big game for Barry Bonds, who scored five runs to tie the Giants' club record set by Willie Mays on two occasions. Bonds also hit his major league-leading 33d home run.

Cardinals 10, Marlins 2: Luis Alicaia hit a grand slam in a sloppy six-run third inning as St. Louis routed visiting Florida. The Marlins gave the Cards plenty of help by walking six batters in the inning.

Bernard Gilkey, making his first ever start at first base, added a solo home run, singled in a run and walked three times. The homer was Gilkey's 11th of the season, and the fifth in his last nine games.

Reds 9, Rockies: Chris Sabo's third grand slam of the season put Cincinnati over visiting Colorado,

POW! — The Rangers' Nolan Ryan, top left, had a few answers for the White Sox's Robin Ventura, who charged to the mound after the 46-year-old Texas singer hit him with a pitch. That was all it took for the benches to clear and centerfield to fill for a Texas-size show.

Welcome to Europe: Tales of the NFL

The Associated Press
The last time the Dallas Cowboys had a "media day," they were in Los Angeles preparing for the Super Bowl. On Thursday, they were thousands of miles away in a foreign country getting ready for a meaningless pre-season game — in London.

"It's a much smaller game, but it's the same type of atmosphere," said coach Jimmy Johnson. The Cowboys and Detroit Lions met the media at the Crystal Palace sports center to promote Sunday's American Bowl exhibition game at Wembley Stadium.

The teams each spent 30 minutes on the field posing for photographs and answering questions about jet lag, sightseeing and even football. Afterwards, they held their first practice sessions.

SCOREBOARD

BASEBALL
Major League Standings
AMERICAN LEAGUE
East Division
Tampa Bay 46-38-10
Boston 42-42-18
New York 41-46-34
Seattle 38-49-29
Detroit 35-54-31
Cleveland 32-57-35
Alliwees 28-61-34

West Division
Chicago 57-47-35
Kansas City 55-50-34
Texas 52-52-38
California 49-57-42
Minnesota 45-57-39
New York 45-57-42

NATIONAL LEAGUE
East Division
Philadelphia 48-40-40
St. Louis 41-46-38
Houston 39-49-39
Cincinnati 38-50-34
Pittsburgh 35-54-31
Florida 32-57-35
New York 28-61-34

SWIMMING

EUROPEAN CHAMPIONSHIP FINALS, of Stuttgart, Germany
1. Dierker Hahn, Germany, 4:12.07
2. Kiril Stoyanov, Bulgaria, 4:12.18
3. Irina Dedyeva, Russia, 4:12.21
4. Jolanda van den Broek, Netherlands, 4:12.24
5. Svetlana Kuznetsov, Russia, 4:12.25
6. Marina Kozlovskaya, Russia, 4:12.26
7. Marina Kozlovskaya, Russia, 4:12.27
8. Marina Kozlovskaya, Russia, 4:12.28
9. Marina Kozlovskaya, Russia, 4:12.29
10. Marina Kozlovskaya, Russia, 4:12.30

CRICKET

THIRD TEST
Sri Lanka vs. India, Second Day
Thursday, Jaipur, India
Sri Lanka 1st Innings: 251 all out
India 1st Innings: 274

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OBSERVER

The Dinghy of State

By Russell Baker

NEW YORK — Composed after deep immersion in news accounts of the clownish budget dispute in Washington...

thousands of loyal company men as well as loyal company women to the rolls of the loyal unemployed and once again making a mockery of Clinton's campaign pledge...

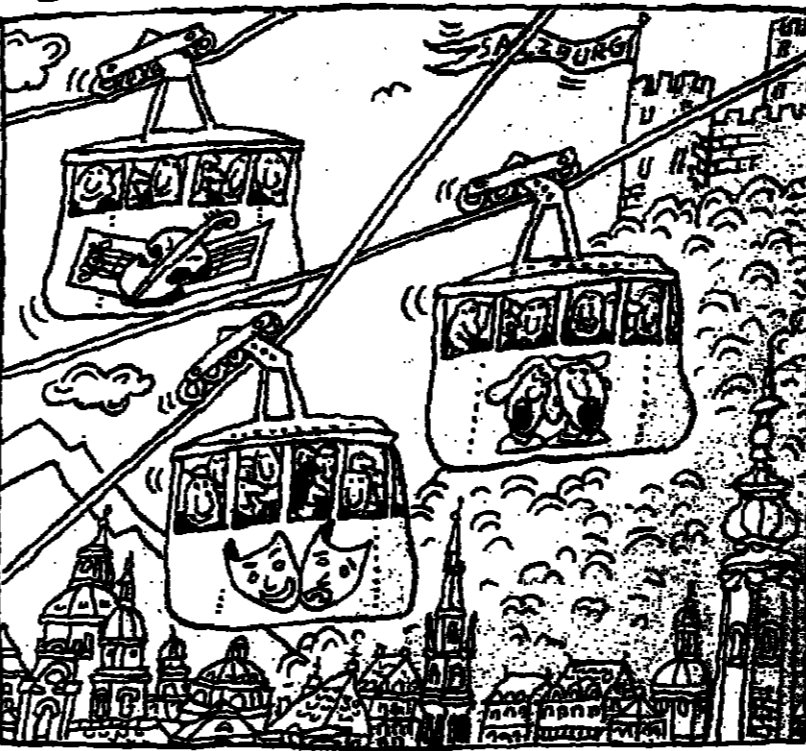
Meanwhile the Republicans are pledged to vote unanimously against absolutely everything...

The entire Senate, Republicans excepted of course, closed ranks behind Bunnell's gas-tax cap...

At Salzburg, More Words and Less Music

By John Rockwell New York Times Service

SALZBURG, Austria — Even with Gerard Mortier's modernist reforms, the Salzburg Festival is still thought of as a celebration of music and opera...



Michael Auer/RET

This summer, the second of the Mortier-Stein era, Salzburg is offering a world premiere by Gernsey's best-known playwright...

My idea," Mortier affirmed the other day in his office. Originally he thought he would handle theatrical matters himself...

disparity means a more diverse, informal audience for theater. Certainly the three new productions in the early part of this summer's festival...

Long predating the new regime, there is also Hugo von Hofmannsthal's version of the medieval mystery play "Everyman..."

It is in theater that Mortier's long-cherished goal of transforming the Salzburg public has made the most headway...

Warner's "Coriolanus" got mixed reviews, and the negative ones were revelations of the differences between English and German theater...

PEOPLE

Is the Holy Land Ready For Show by Madonna?

Madonna will take her sexually explosive act to Israel in October following in the path of Elton John, Bob Dylan and Michael Jackson...

A "deeply hurt" Suzanne Farrell, 47, the prima ballerina developed by the late choreographer George Balanchine, says she's been fired...

Princess Diana says she would "just like some peace and quiet" and wishes photographers would stop following her around...

Comic actors Whoopi Goldberg and Martin Lawrence and the Fox variety series "In Living Color" took two awards each at the first Soul Train Comedy Awards...

INTERNATIONAL CLASSIFIED Appears on Pages 4, 5 & 8

WEATHER

Forecast for Saturday through Monday, as provided by Accu-Weather.

Table with columns for Europe, Asia, Africa, North America, Europe, Asia, Middle East, Latin America, and Oceania. Each column lists cities and their weather forecasts for the weekend.



Forecast for Saturday through Monday, as provided by Accu-Weather. Detailed text describing weather conditions for various regions.

CROSSWORD

Crossword puzzle section including 'ACROSS' and 'DOWN' clues, a grid, and a 'Solution to Puzzle of Aug. 5'.

If you're going to travel all over the map, here's how to call from almost any point on it.



AT&T Access Numbers table listing international phone numbers for various countries and regions.

AT&T puts the world at your fingertips... Just dial the AT&T access number of the country you're calling...